

ZF MGCAWU DISTRICT MUNICIPALITY



2017 / 2018

[These financial statements have not been audited]

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2018**

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

INDEX

NO	CONTENTS	PAGE
1	General Information	1 - 2
2	Members of Council	3
3	Foreword	4
4	Report of the Auditor General	5 - 12
5	Report of the Chief Financial Officer	13 - 18
6	Statement of Financial Position	19
7	Statement of Financial Performance	20
8	Statement of Changes In Net Assets	21
9	Cash Flow Statement	22
10	Statement of comparison of Budget and Actual Amounts	23 - 37
11	Accounting Policies	38 - 50
12	Notes to the Financial Statements	51 - 106
APPENDIXES - Unaudited		
13	A Schedule of External Loans	107
14	B Analysis of Property, Plant and Equipment	108
15	C Segmental Analysis of Capital Assets	109
16	D Segmental Statement of Financial Performance	110
17	E (1) Reconciliation of Budgeted Financial Performance - Standard Classification	111
18	E (2) Reconciliation of Budgeted Financial Performance - Municipal Vote	112
19	E (3) Segmental Statement of Financial Performance	113
20	E (4) Reconciliation of Budgeted Cash Flow	114
21	F Disclosure Of Grants And Subsidies In Terms Of Section 123 Of MFMA	115
21	G Statement of Remuneration of Management	116 - 119
22	H Ratio Analysis Schedule	120 - 125
23	I Segmental Analysis of Financial Performance	126 - 127

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

GENERAL INFORMATION

EXECUTIVE MAYOR

A. Vosloo

SPEAKER

M. Moalosi

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor: A. Vosloo

Councillors: G.H. Mothibi
J.J.J. Olyn
M. Mashilala
M. Bosman

GRADING OF THE LOCAL AUTHORITY

Grade 3

AUDITORS

External: Auditor General: Kimberley
Internal: Internal Audit Unit

PRIMARY BANKER

ABSA

REGISTERED OFFICE

c/o Upington 26 Avenue & Dr Nelson Mandela Drive
Upington
8801

Private Bag X6039
Upington
8800

Telephone: (054) 337 2800
Fax: (054) 337 2888

E-Mail: admin@zfm-dm.gov.za
Website: www.zfm-dm.co.za

ACTING MUNICIPAL MANAGER

Mr. A. Tieties

CHIEF FINANCIAL OFFICER

Mr. P. Beukes

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

GENERAL INFORMATION (continued)

REVIEW OF FINANCIAL STATEMENTS

The Annual Financial Statements were reviewed by the Audit Committee, Internal Audit Unit, MPAC and Management before it was approved by the Municipal Manager.

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 8 to 116, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the District Municipality.

These Annual Financial Statements will be presented to the Council for information on 31 August 2018.



Mr. A. TIETIES

ACTING MUNICIPAL MANAGER

31 August 2018

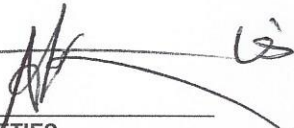
ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

MEMBERS OF COUNCIL

NAME	POSITION	PARTY	PERIOD
A. Vosloo	Mayor	ANC	Commencement: 30/10/2015
M.L. Moalosi	Speaker	ANC	Commencement: 07/08/2016
G.H. Mothibi	Mayoral Committee	ANC	Commencement: 03/06/2011
J.J.J. Olyn	Mayoral Committee	ANC	Commencement: 07/08/2016
M Mashilala	Mayoral Committee	ANC	Commencement: 02/02/2017
M. Bosman	Mayoral Committee	DA	Commencement: 07/08/2016
J. Lodewyk	Direct Elected Councillor	ANC	Commencement: 02/02/2017
A. de Bruin	Direct Elected Councillor	COPE	Commencement: 01/06/2014
F.L. Witbooi	Direct Elected Councillor	DA	Commencement: 07/08/2016
M.H.B. Van Zyl	Direct Elected Councillor	DA	Commencement: 23/03/2017
S. Esau	Councillor	ANC	Commencement: 07/08/2016
W.D Klim	Councillor	ANC	Commencement: 07/08/2016
B.L.B. Bosman	Councillor	ANC	Commencement: 07/08/2016
S. Dubeni	Councillor	ANC	Commencement: 07/08/2016
PSJ. Isaacs	Councillor	ANC	Commencement: 19/08/2016
B. Bock	Councillor	ANC	Commencement: 03/06/2011
M. Basson	Councillor	DA	Commencement: 07/08/2016
A. Adams	Councillor	DA	Deceased: 31/01/2018
J. Assegai	Councillor	DA	Commencement: 03/06/2011
M. Mabilo	Councillor	TCF	Commencement: 03/06/2011
J. Mei	Councillor	EFF	Suspended: 13/02/2018

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution and according to the Government Gazette 40763 dated 03/04/2017. This read with the Remuneration of Public Officer Bearers Act, Circular 40/2012 dated 10/12/2012 of SALGA and the Minister of Provincial and Local Government's determination in accordance with this Act.


Mr. A. TIETIES
ACTING MUNICIPAL MANAGER
31 August 2018

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

FOREWORD

It is my pleasure to present the 2017/2018 Annual Financial Statements of the ZF Mgcawu District Municipality, a Municipality that has once more performed admirably well despite the continued difficult economic conditions as well as the complex social environment in which Local Government has to operate in at present. During the 2017/2018 financial year the District Municipality was under severe pressure to ensure compliance to the various changes in legislation and continue with the implementation of Generally Recognised Accounting Practices (GRAP) standards.

We have proven that with a sterling record of good governance, sound financial management, a stable leadership structure and a well-functioning Council and Administration a lot can be achieved.

One of the primary objectives of the District Municipality is to assist its local municipalities to come up to the same level as the District in terms of financial management and other service delivery imperatives. We have lived up to this mandate by building the capacity of local municipalities to enable them to be in a position to discharge their respective mandates. This has not been without challenges but we are moving towards that ultimate goal. We have once again made good progress towards the fulfilment of our mission statement of being a centre of excellence for our local Municipalities.

Local Government is and will always remain the implementing agent of government transformation and delivery programmes. Two parallel and mutual reinforcing roles of local government are, sustainable creation of an environment for economic development and empowerment of local communities.


It is a fact that we are faced with the triple challenges of poverty, unemployment and inequality and these will remain with us until such a time that we realise that 'development' is not an event but a process which requires multiple resources and effective leadership. We should not stop working to ensure that we improve the lives of our community.

It is always a daunting task to provide a complete account on the responsibilities conferred upon us by the electorate. Most significantly, we do so being quite conscious of the fact that the public deserves its rightful place at the apex of the 'accountability chain'.

Although capital projects were limited to those financed from external grant funding the District Municipality has successfully implemented the projects identified in the Integrated Development Plan/ Budget 2017/2018 financial year. The District Municipality will continue to implement projects identified in the current year.

I am proud to report that we have retained a clean audit for the 5th consecutive financial year. My sincere appreciation to all who have contributed to the ZF Mgcawu District Municipality continuing its mandate of accountable governance.

I hereby wish to thank the members of the Mayoral Committee and Council together with the staff for their commitment during the year, ensuring that we meet the set targets for the year.


PP
MR. A. VOSLOO
EXECUTIVE MAYOR
31 August 2018

ZF MGCWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of ZF Mgcawu District Municipality at 30 June 2018.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2017/18 financial period is set out in Directive 5 issued by the ASB on 11 March 2009, as amended.

The Statement of Financial Position at 30 June 2018 indicates a decrease in Net Assets, an increase in Non-current Liabilities and an increase in Current Liabilities.

The decrease in Net Assets is ascribed primarily to the decrease in Accumulated Surplus as a result of the deficit generated on the operating account.

The increase in Non-Current Liabilities is primarily as a result of the increase in Post-retirement Health Care Benefits Liability. The increase in Current Liabilities is primarily as a result of the increase in Payables from Exchange Transactions.

2. MSCOA IMPLEMENTATION PLAN

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

Financial Statement Ratios:

INDICATOR	2018	2017
Surplus / (Deficit) before Appropriations	(607 713)	(7 780 314)
Surplus / (Deficit) at the end of the Year	(32 657 535)	(32 049 821)
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	71.54%	70.92%
Remuneration of Councillors	5.70%	4.78%
Depreciation and Amortisation	0.97%	0.88%
Impairment Losses	0.14%	0.57%
Interest, Dividends and Rent on Land	0.00%	0.01%
Contracted Services	5.76%	7.06%
Inventory Consumed	0.44%	0.50%
Transfers and Subsidies Paid	0.15%	0.05%
Operating Leases	0.88%	0.83%
Operational Costs	14.41%	14.36%
Loss on Disposal of Property, Plant and Equipment	0.01%	0.03%

ZF MGCWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

REPORT OF THE CHIEF FINANCIAL OFFICER

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R78 725 (2016/17: R1 707 369). Full details of Assets are disclosed in Notes 7, 8 and Appendices "B, C and E (4)" to the Annual Financial Statements.

The capital expenditure of R78 725 was financed as follows:

DETAILS	Actual 2017/18 R	Actual 2016/17 R	Percentage Variance %	Budgeted 2017/18 R	Variance actual/ budgeted %
Grants and Subsidies	-	234 219	(100.00)	444 329 022	(100.00)
Own Funds (Accumulated Surplus)	78 725	1 473 150	(94.66)	(443 989 022)	(100.02)
	78 725	1 707 369	(95.39)	340 000	(76.85)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2018	2017
Grants and Subsidies	-	13.72%
Own Funds (Accumulated Surplus)	100.00%	86.28%
	100.00%	100.00%

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2018	2017
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	(6 183 005)	1 685 771
Revenue variances	553 237	(7 006 933)
Expenditure variances:		
Employee Related Costs	1 217 239	(4 386 981)
Remuneration of Councillors	135	531 208
Depreciation and Amortisation	53 648	27 672
Impairment Losses	14 711	12 476
Interest, Dividends and Rent on Land	-	59 869
Contracted Services	100 710	545 955
Inventory Consumed	46 750	183 020
Transfers and Subsidies Paid	145 793	28 901
Operating Leases	642 425	9 463
Operational Costs	2 792 553	517 332
Loss on Disposal of Property, Plant and Equipment	8 090	11 934
Actual surplus before appropriations	(607 713)	(7 780 314)

ZF MGCWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

REPORT OF THE CHIEF FINANCIAL OFFICER

DETAILS	2018	2017
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	(6 183 005)	1 685 771
Executive and Council	741 120	1 978
Finance and Administration	1 845 415	(8 469 071)
Internal Audit	475 167	3 504
Public Safety	70 794	(278 507)
Health	116 263	6 670
Planning and Development	2 093 506	(581 636)
Other	20 500	1 568
Add: Gains and Losses	212 525	(150 591)
Actual surplus before appropriations	(607 713)	(7 780 314)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

5.2 Capital Budget:

DETAILS	Actual 2017/18 R	Actual 2016/17 R	Variance actual 2016/17 R	Budgeted 2017/18 R	Variance actual/ budgeted R
Finance and Administration	51 657	1 596 410	(1 544 753)	-	51 657
Environmental Protection	-	110 959	(110 959)	-	-
Planning and Development	-	-	-	340 000	(340 000)
	78 725	1 707 369	(1 628 644)	340 000	(261 275)

Details of the results per segmental classification of capital expenditure are included in Appendix "C" and in Appendix "E (4)".

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

REPORT OF THE CHIEF FINANCIAL OFFICER

	2018	2017
	R	R
6. ACCUMULATED SURPLUS		
The balance of the Accumulated Surplus as at 30 June 2018 amounted to R32 657 535 (30 June 2017: R32 049 821) and is made up as follows:		
Accumulated Surplus	(32 657 535)	(32 049 821)
	(32 657 535)	(32 049 821)

Refer to Note 16 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2018 was R0 (30 June 2017: R30 853).

No Loans were required or taken up during the financial year to enable the municipality to finance part of its capital requirements for the year.

Refer to Note 14 and Appendix "A" for more detail.

8. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R34 805 970 as at 30 June 2018 (30 June 2017: R34 591 498) and is made up as follows:

Post-retirement Health Care Benefits Liability	Note 15	31 433 520	31 520 861
Long Service Awards Liability	Note 15	3 372 450	3 070 637
		34 805 970	34 591 498

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 15 for more detail.

9. CURRENT LIABILITIES

Current Liabilities amounted R20 475 902 as at 30 June 2018 (30 June 2017: R20 313 332) and is made up as follows:

Provisions	Note 10	2 655 848	2 563 410
Payables from Exchange Transactions	Note 11	16 100 187	12 494 103
Payables from Non-exchange Transactions	Note 12	56 581	151 691
Unspent Conditional Grants and Receipts	Note 13	1 663 286	5 104 128
		20 475 902	20 313 332

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

REPORT OF THE CHIEF FINANCIAL OFFICER

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R21 043 150 as at 30 June 2018 (30 June 2017: R21 592 485).
Refer to Note 7, and Appendices B and C for more detail.

11. INTANGIBLE ASSETS

The net value of Intangible Assets were R161 134 as at 30 June 2018 (30 June 2017: R198 994).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.
Refer to Note 8 and Appendix "B" for more detail.

12. LONG-TERM RECEIVABLES

Long-term Receivables of R31 495 at 30 June 2018 (30 June 2017: R99 242) is made up as follows:

		2018 R	2017 R
Finance Lease Receivable	Note 9	17 904	18 882
Staff Related Long Term Receivables	Note 9	104 576	254 068
Employee PAYE Debtors		53 946	137 925
Performance Bonus Debtors		34 303	107 680
Maternity Leave Debtor		10 523	0
Acting Allowance Debtors		5 804	8 463
		122 480	272 951
Less: Short-term portion included in Current Assets	Note 9	(90 986)	(173 708)
		31 495	99 242

The decrease in the amount for Long-term Receivables is due to the increased amount in the short-term portion due to agreements expiring in the year 2018/19.
Refer to Note 9 for more detail.

13. CURRENT ASSETS

Current Assets amounted R1 388 558 as at 30 June 2018 (30 June 2017: R995 140) and is made up as follows:

Receivables from Exchange Transactions	Note 2	160 781	143 689
Receivables from Non-exchange Transactions	Note 3	11 950	114 502
VAT Receivable	Note 4	479 464	274 374
Cash and Cash Equivalents	Note 5	645 377	288 868
Current Portion of Long-term Receivables	Note 6	90 986	173 708
		1 388 558	995 140

Refer to the indicated Notes for more detail.

14. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.
Refer to Notes 13 and 17, and Appendix "F" for more detail.

ZF MGCAWU DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

REPORT OF THE CHIEF FINANCIAL OFFICER

16. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 45.

17. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



P. BEUKES
CHIEF FINANCIAL OFFICER
31 August 2018

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

		Actual	
	Note	2018	2017
		R	Restated R
ASSETS			
Current Assets		1 388 558	995 140
Receivables from Exchange Transactions	2	160 781	143 689
Receivables from Non-exchange Transactions	3	11 950	114 502
VAT Receivable	4	479 464	274 374
Cash and Cash Equivalents	5	645 377	288 868
Current Portion of Long-term Receivables	6	90 986	173 708
Non-Current Assets		21 235 780	21 890 721
Property, Plant and Equipment	7	21 043 150	21 592 485
Intangible Assets	8	161 134	198 994
Long-term Receivables	9	31 495	99 242
Total Assets		22 624 338	22 885 861
LIABILITIES			
Current Liabilities		20 475 902	20 313 332
Provisions	10	2 655 848	2 563 410
Payables from Exchange Transactions	11	16 100 187	12 494 103
Payables from Non-exchange Transactions	12	56 581	151 691
Unspent Conditional Grants and Receipts	13	1 663 286	5 104 128
Non-Current Liabilities		34 805 970	34 622 351
Long-term Liabilities	14	-	30 853
Employee Benefit Liabilities	15	34 805 970	34 591 498
Total Liabilities		55 281 872	54 935 682
Total Assets and Liabilities		(32 657 535)	(32 049 821)
NET ASSETS		(32 657 535)	(32 049 821)
Accumulated Surplus / (Deficit)	16	(32 657 535)	(32 049 821)
Total Net Assets		(32 657 535)	(32 049 821)

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

		Actual	
	Note	2018	2017
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	17	63 406 340	57 621 270
Impairment Gains	24	295 545	-
Revenue from Exchange Transactions			
Rental from Fixed Assets	18	7 119	7 385
Interest, Dividends and Rent on Land Earned	19	608 139	728 210
Operational Revenue	20	515 874	544 972
Gains on Disposal of Property, Plant and Equipment	31	180	-
Total Revenue		64 833 197	58 901 837
EXPENDITURE			
Employee Related Costs	21	46 818 423	47 288 331
Remuneration of Councillors	22	3 728 041	3 190 132
Depreciation and Amortisation	23	632 550	588 771
Impairment Losses	24	91 289	377 744
Interest, Dividends and Rent on Land	25	-	5 132
Contracted Services	26	3 770 211	4 709 566
Inventory Consumed	27	288 070	330 388
Transfers and Subsidies Paid	28	96 345	36 389
Operating Leases	29	577 575	555 537
Operational Costs	30	9 429 497	9 577 094
Loss on Disposal of Property, Plant and Equipment	31	8 910	23 066
Total Expenditure		65 440 911	66 682 151
SURPLUS / (DEFICIT) FOR THE YEAR		(607 713)	(7 780 314)
Refer to Budget Statement for explanation of budget variances			

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

Description	Share Premium	Total Reserves and Funds	Accumulated Surplus	Total Net Assets
	R	R	R	R
2017				
Balance at 30 June 2016	-	-	(21 357 709)	(21 357 709)
Correction of Error (Note 32)		-	(2 911 798)	(2 911 798)
Restated Balance at 30 June 2016	-	-	(24 269 507)	(24 269 507)
Published Surplus / (Deficit) for the year		-	(7 261 261)	(7 261 261)
Correction of Error (Note 32)	-	-	(519 053)	(519 053)
Restated Balance at 30 June 2017	-	-	(32 049 821)	(32 049 821)
2018				
Surplus / (Deficit) for the year		-	(607 713)	(607 713)
Balance at 30 June 2018	-	-	(32 657 535)	(32 657 535)

ZF MGCAWU DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

		Actual	
	Note	2018	2017
		R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies	17	59 965 498	57 182 502
Rental from Fixed Assets	18	7 119	7 385
External Interest and Dividends Received	19	608 139	728 210
Other Receipts		613 342	748 587
Payments			
Employee Related Costs		(46 488 161)	(46 104 865)
Remuneration of Councillors	22	(3 728 041)	(3 190 132)
External Interest and Dividends Paid	23	-	(5 132)
Suppliers Paid		(1 029 772)	(1 523 017)
Other Payments		(9 675 156)	(9 615 441)
VAT Receivable / Payable		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		272 968	(1 771 901)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(78 725)	(1 521 685)
Purchase of Intangible Assets	8	-	(185 684)
Proceeds on Disposal of Property, Plant and Equipment	31	24 460	22 937
Proceeds on Disposal of Intangible Assets		180	-
Decrease / (Increase) in Long-term Receivables		137 627	131 657
NET CASH FLOWS FROM INVESTING ACTIVITIES		83 541	(1 552 774)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		-	(102 157)
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	(102 157)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		356 510	(3 426 832)
		0.00	
Cash and Cash Equivalents at Beginning of Period		288 868	3 715 700
Cash and Cash Equivalents at End of Period	5	645 377	288 868

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2018

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION												
Current Assets												
Receivables from Exchange Transactions	410 000	122 952	532 952	85 000	617 952	-	617 952	160 781	-	(457 171)	26.02	39.21
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	11 950	-	11 950	0.00	0.00
VAT Receivable	-	-	-	-	-	-	-	479 464	-	479 464	0.00	0.00
Cash and Cash Equivalents	6 350 000	(6 061 132)	288 868	250 000	538 868	-	538 868	645 377	-	106 510	119.77	10.16
Current Portion of Long-term Receivables	42 000	131 708	173 708	-	173 708	-	173 708	90 986	-	(82 723)	52.38	216.63
		-	-	-	-	-	-	-	-	-	-	-
Non-Current Assets												
Property, Plant and Equipment	21 615 013	(22 528)	21 592 485	-	21 592 485	-	21 592 485	21 043 150	-	(549 334)	97.46	97.35
Intangible Assets	213 200	(14 206)	198 994	-	198 994	-	198 994	161 134	-	(37 860)	80.97	75.58
Long-term Receivables	145 000	(45 758)	99 242	-	99 242	-	99 242	31 495	-	(67 747)	31.74	21.72
Total Assets	28 775 213	(5 888 965)	22 886 248	335 000	23 221 248	-	23 221 248	22 624 338	-	(596 911)	97.43	78.62
Current Liabilities												
Provisions	-	2 563 410	2 563 410	-	2 563 410	-	2 563 410	2 655 848	-	92 438	103.61	0.00
Payables from Exchange Transactions	9 000 000	5 319 458	14 319 458	2 350 000	16 669 458	-	16 669 458	16 100 187	-	(569 271)	96.58	178.89
Payables from Non-exchange Transactions	-	-	-	-	-	-	-	56 581	-	56 581	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	1 663 286	-	1 663 286	0.00	0.00
Current Portion of Long-term Liabilities	-	30 853	30 853	-	30 853	-	30 853	-	-	(30 853)	0.00	0.00
Non-Current Liabilities												
Employee Benefit Liabilities	15 000 000	19 591 498	34 591 498	-	34 591 498	-	34 591 498	34 805 970	-	214 472	100.62	232.04
Total Liabilities	24 000 000	27 505 219	51 505 219	2 350 000	53 855 219	-	53 855 219	55 281 872	-	1 426 653	102.65	230.34
Total Assets and Liabilities	4 775 213	(33 394 183)	(28 618 970)	(2 015 000)	(30 633 970)	-	(30 633 970)	(32 657 535)	-	(2 023 564)	0.00	0.00
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	4 775 213	(33 394 183)	(28 618 970)	(2 015 000)	(30 633 970)	-	(30 633 970)	(32 657 535)	-	(2 023 564)	0.00	0.00
Total Net Assets	4 775 213	(33 394 183)	(28 618 970)	(2 015 000)	(30 633 970)	-	(30 633 970)	(32 657 535)	-	(2 023 564)	0.00	0.00

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

The budget amount includes the amount for VAT receivable and debtors which are included under UIF expenditure and still under investigation by the disciplinary board.

Receivables from Non-exchange Transactions:

Relates to irregular expenditures and could not be budgeted for.

VAT Receivable:

Budgeted amount included under Receivables from exchange transactions

Cash and Cash Equivalents:

The budget amount anticipated was under budgeted for.

Intangible Assets:

Out dated intangible assets has been written off.

Long-term Receivables:

Current Portion of Long-term Receivables budgeted for under Long-term Receivables. Therefore over budgeted for.

Payables from Non-exchange Transactions:

NT Budget Template not aligned to GRAP and does not provide for Payables from Non-exchange Transactions - included in budget for Payables from Exchange Transactions.

Unspent Conditional Grants and Receipts:

Budgeted for under Payables from exchange Transactions as the budget returns does not make provision for a separate line item for unspent grants.

Current Portion of Long-term Liabilities:

Loans were settled during 2016/17 financial year

Accumulated Surplus / (Deficit):

Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2018

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	61 530 000	(2 200 000)	59 330 000	3 470 960	62 800 960	-	62 800 960	63 406 340	-	605 380	100.96	103.05
Impairment Gains	-	-	-	-	-	-	-	295 545	-	295 545	0.00	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 000	-	10 000	(3 000)	7 000	-	7 000	7 119	-	119	101.71	71.19
Interest, Dividends and Rent on Land Earned	765 000	(8 000)	757 000	(150 000)	607 000	-	607 000	608 139	-	1 139	100.19	79.50
Operational Revenue	3 310 000	(1 100 000)	2 210 000	(1 345 000)	865 000	-	865 000	515 874	-	(349 126)	59.64	15.59
Gains on Disposal of Property, Plant and Equipment	200 000	(200 000)	-	-	-	-	-	180	-	180	0.00	0.09
Total Revenue	65 815 000	(3 508 000)	62 307 000	1 972 960	64 279 960	-	64 279 960	64 833 197	-	553 237	100.86	98.51
Expenditure												
Employee Related Costs	43 843 292	3 206 564	47 049 856	991 806	48 041 662	(6 000)	48 035 662	46 818 423	-	(1 217 239)	97.47	106.79
Remuneration of Councillors	3 809 986	-	3 809 986	(87 810)	3 722 176	6 000	3 728 176	3 728 041	-	(135)	100.00	97.85
Depreciation and Amortisation	641 345	(58 520)	582 825	103 373	686 198	-	686 198	632 550	-	(53 648)	92.18	98.63
Impairment Losses	25 000	-	25 000	-	25 000	81 000	106 000	91 289	-	(14 711)	86.12	365.16
Contracted Services	2 853 474	35 399	2 888 873	482 048	3 370 921	500 000	3 870 921	3 770 211	-	(100 710)	97.40	132.13
Inventory Consumed	42 000	-	42 000	292 820	334 820	-	334 820	288 070	-	(46 750)	86.04	685.88
Transfers and Subsidies Paid	1 578 948	21 343	1 600 291	(1 358 153)	242 138	-	242 138	96 345	-	(145 793)	39.79	6.10
Operating Leases	879 566	200 000	1 079 566	140 434	1 220 000	-	1 220 000	577 575	-	(642 425)	47.34	65.67
Operational Costs	10 616 726	1 849 781	12 466 507	353 543	12 820 050	(598 000)	12 222 050	9 429 497	-	(2 792 553)	77.15	88.82
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	17 000	17 000	8 910	-	(8 090)	52.41	0.00
Total Expenditure	64 290 337	5 254 567	69 544 904	918 061	70 462 965	-	70 462 965	65 440 911	-	(5 022 054)	92.87	101.79
Surplus/(Deficit for the Year)	1 524 663	(8 762 567)	(7 237 904)	1 054 899	(6 183 005)	-	(6 183 005)	(607 713)	-	5 575 292	-	-

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Impairment Gains

Impairment losses of 2016/17 were reversed during 2017/18 financial year and resulted in Impairment Gains.

Gains on Disposal of Property, Plant and Equipment:

Was budgeted for under Loss on disposal of PPE.

Operational Revenue:

Other income were too optimistically budgeted for and include the Alternative sources of revenue which did not realised.

Inventory Consumed:

Underspending is mainly due to cost containment measures and cash flow challenges.

Transfers and Subsidies Paid:

Low spending due to cash flow challenges during the year.

Operating Leases:

Underspending is mainly due to cost containment measures and cash flow challenges.

Operational Costs:

Underspending is mainly due to cost containment measures and cash flow challenges.

Loss on Disposal of Property, Plant and Equipment:

Over budgeted for Loss on Disposal of Property, Plant and Equipment.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2018

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CAPITAL EXPENDITURE PER FUNCTION	R	R	R	R	R	R	R	R	R	R	R	R
Finance and Administration	1 138 000	(738 000)	400 000	(400 000)	-	-	-	51 657	51 657	51 657	0.00	4.54
Health	2 000	(2 000)	-	-	-	-	-	27 068	27 068	27 068	0.00	1 353.42
Planning and Development	340 000	-	340 000	-	340 000	-	340 000	-	-	(340 000)	0.00	0.00
Total Capital Expenditure	1 480 000	(740 000)	740 000	(400 000)	340 000	-	340 000	78 725	78 725	(261 275)	23.15	5.32
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual												
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:												
Finance and Administration: Underspending is mainly due to cost containment measures and cash flow challenges.												
Health: Underspending is mainly due to cost containment measures and cash flow challenges.												
Planning and Development: Underspending is mainly due to cost containment measures and cash flow challenges.												

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2018

Description	Original Budget	Budget Adjustments	Adjustment Budget	Second Budget Adjustments	Second Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	61 530 000	(2 200 000)	59 330 000	3 470 960	62 800 960	-	62 800 960	59 965 498		(2 835 462)	95.49	97.46
Rental from Fixed Assets	-	-	-	-	-	-	-	7 119		7 119	0.00	0.00
External Interest and Dividends Received	765 000	(36 790)	728 210	(128 000)	600 210	-	600 210	608 139		7 928	101.32	79.50
Other Receipts	3 320 000	(1 348 155)	1 971 845	(1 096 845)	875 000	-	875 000	613 342		(261 658)	70.10	18.47
Employee Related Costs	(59 122 091)	(2 527 204)	(61 649 295)	(2 202 472)	(63 851 767)	-	(63 851 767)	(46 488 161)		17 363 606	72.81	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(3 728 041)		(3 728 041)	0.00	0.00
External Interest and Dividends Paid	(5 000)	-	(5 000)	5 000	-	-	-	-		-	0.00	0.00
Suppliers Paid	(4 505 421)	4 505 421	-	-	-	-	-	(1 029 772)		(1 029 772)	0.00	0.00
Other Payments	-	-	-	-	-	-	-	(9 675 156)		(9 675 156)	0.00	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(1 530 000)	790 000	(740 000)	400 000	(340 000)	-	(340 000)	(78 725)		261 275	23.15	0.00
Proceeds on Disposal of Property, Plant and Equipment	200 000	(200 000)	-	-	-	-	-	24 460		24 460	0.00	12.23
Proceeds on Disposal of Intangible Assets	-	-	-	-	-	-	-	180		180	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	131 658	131 658	-	131 658	-	131 658	137 627		5 969	104.53	0.00
Cash Flows from/(used in) Financing Activities												
Repayment of Borrowings	-	-	-	-	-	-	-	-		-	0.00	0.00
Cash and Cash Equivalents at End of the Year	652 488	(885 070)	(232 582)	448 643	216 061	-	216 061	356 510	-	140 448	165.00	54.64

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:

Not budgeted for under cash flow statement.

Other Receipts

Other income includes Alternative sources of revenue that was budgeted but did not realised.

Employee Related Costs

Over budgeted for as Remuneration of Councillors, Suppliers paid and Other payments were budgeted for under Employee Related Cost.

Remuneration of Councillors

NT Budget Template not aligned to GRAP requirements - Councillor Remuneration included in Suppliers Paid below.

External Interest and Dividends Paid

Not budgeted for Interest and Penalties on late payments made.

Suppliers Paid

NT Budget Template not aligned to GRAP requirements - Employee Costs and Councillor Remuneration above included in Suppliers Paid.

Other Payments

NT Budget Template not aligned to GRAP requirements - other payments included in Suppliers Paid above.

Purchase of Property, Plant and Equipment:

Savings realised on capital items budgeted for and not procured - Budget rolled over to 2018/19 for procurement.

Proceeds on Disposal of Property, Plant and Equipment:

Property, Plant and Equipment have been written off and no provision was made during the budget process.

Proceeds on Disposal of Intangible Assets:

Intangible Assets have been written off and no provision was made during the budget process.

Cash and Cash Equivalents at End of the Year:

All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2017

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION												
Current Assets												
Receivables from Exchange Transactions	185 000	(185 000)	-	591 005	591 005	-	591 005	143 689	-	(447 316)	24.31	77.67
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	114 502	-	114 502	0.00	0.00
VAT Receivable	-	-	-	-	-	-	-	274 374	-	274 374	0.00	0.00
Cash and Cash Equivalents	1 600 000	1 350 000	2 950 000	-	2 950 000	-	2 950 000	288 868	-	(2 661 132)	9.79	18.05
Current Portion of Long-term Receivables	4 930	-	4 930	36 000	40 930	-	40 930	173 708	-	132 778	424.40	3 523.49
Non-Current Assets												
Property, Plant and Equipment	23 905 945	(1 500 000)	22 405 945	(806 165)	21 599 780	-	21 599 780	21 592 485	-	(7 295)	99.97	90.32
Intangible Assets	150 000	-	150 000	58 000	208 000	-	208 000	198 994	-	(9 006)	95.67	132.66
Long-term Receivables	76 465	-	76 465	64 000	140 465	-	140 465	99 242	-	(41 223)	70.65	129.79
Total Assets	25 922 340	(335 000)	25 587 340	(57 160)	25 530 180	-	25 530 180	22 885 861	-	(2 644 319)	89.64	88.29
Current Liabilities												
Consumer Deposits	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Provisions	1 393 768	-	1 393 768	(819 000)	574 768	-	574 768	2 563 410	-	1 988 641	445.99	183.92
Payables from Exchange Transactions	2 350 000	-	2 350 000	5 435 233	7 785 233	-	7 785 233	12 494 103	-	4 708 870	160.48	531.66
Payables from Non-exchange Transactions	-	-	-	-	-	-	-	151 691	-	151 691	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	5 104 128	-	5 104 128	0.00	0.00
Current Portion of Long-term Liabilities	250 000	(100 000)	150 000	(150 000)	-	-	-	-	-	-	0.00	0.00
Non-Current Liabilities												
Long-term Liabilities	700 000	(700 000)	-	-	-	-	-	30 853	-	30 853	0.00	4.41
Employee Benefit Liabilities	16 293 211	-	16 293 211	(2 293 000)	14 000 211	-	14 000 211	34 591 498	-	20 591 287	247.08	212.31
Total Liabilities	20 986 979	(800 000)	20 186 979	2 173 233	22 360 212	-	22 360 212	54 935 682	-	32 575 470	245.68	261.76
Total Assets and Liabilities	4 935 361	465 000	5 400 361	(2 230 393)	3 169 968	-	3 169 968	(32 049 821)	-	(35 219 789)	0.00	0.00
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	4 935 361	465 000	5 400 361	(2 230 393)	3 169 968	-	3 169 968	(32 049 821)	-	(35 219 789)	0.00	0.00
Total Net Assets	4 935 361	465 000	5 400 361	(2 230 393)	3 169 968	-	3 169 968	(32 049 821)	-	(35 219 789)	0.00	0.00

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

The budget amount anticipated improvement on the payments of outstanding debtors but did not realised.

Receivables from Non-exchange Transactions:

This amount relates to mSCOA expenditure on the FMG allocation that will be finalised during 2017/18 financial year and was budgeted for under Grants and Subsidies Paid during 2016/17 financial year.

VAT Receivable:

Budgeted for under Other Income as VAT Income.

Cash and Cash Equivalents:

The budget amount anticipated was over budgeted to improve the financial position of the Council.

Current Portion of Long-term Receivables:

Budgeted for under Long-term Portion of Long-term Receivables.

Long-term Receivables:

Current Portion of Long-term Receivables budgeted for under Long-term Receivables. Therefore over budgeted for.

Provisions:

Increase in the current portions of PEMA and LSA valuation reports

Payables from Exchange Transactions:

Under budgeted for Payables from Exchange Transactions.

Payables from Non-exchange Transactions:

NT Budget Template not aligned to GRAP and does not provide for Payables from Non-exchange Transactions - included in budget for Payables from Exchange Transactions.

Unspent Conditional Grants and Receipts:

Budgeted for under Payables from exchange Transactions as the budget returns does not make provision for a separate line item for unspent grants.

Long-term Liabilities:

Loans are settled and not budgeted for.

Retirement Benefit Liabilities:

Under budgeted for Employee Benefit Liabilities due to a cap amount incorrectly applied to retired employees that influence the valuation.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2017

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	56 883 800	2 248 580	59 132 380	450 000	59 582 380	-	59 582 380	57 621 270	-	(1 961 110)	96.71	101.30
Revenue from Exchange Transactions												
Sales of Goods and Rendering of Services	20 000	(20 000)	-	-	-	-	-	-	-	-	0.00	0.00
Rental from Fixed Assets	20 000	-	20 000	-	20 000	-	20 000	7 385	-	(12 615)	36.93	36.93
Interest, Dividends and Rent on Land Earned	530 000	-	530 000	135 000	665 000	-	665 000	728 210	-	63 210	109.51	137.40
Operational Revenue	6 294 200	(2 202 810)	4 091 390	1 400 000	5 491 390	-	5 491 390	544 972	-	(4 946 419)	9.92	8.66
Gains on Disposal of Property, Plant and Equipment	150 000	-	150 000	-	150 000	-	150 000	-	-	(150 000)	0.00	0.00
Total Revenue	63 898 000	25 769	63 923 769	1 985 001	65 908 770	-	65 908 770	58 901 837	-	(7 006 933)	89.37	92.18
Expenditure												
Employee Related Costs	45 839 588	(3 119 483)	42 720 105	352 004	43 072 109	(170 759)	42 901 350	47 288 331	3 832 325	4 386 981	110.23	103.16
Remuneration of Councillors	3 809 986	(88 646)	3 721 341	(1)	3 721 340	-	3 721 340	3 190 132	-	(531 208)	85.73	83.73
Depreciation and Amortisation	920 000	(293 557)	626 443	-	626 443	(10 000)	616 443	588 771	-	(27 672)	95.51	64.00
Impairment Losses	-	100 000	100 000	(75 000)	25 000	365 220	390 220	377 744	-	(12 476)	96.80	0.00
Interest, Dividends and Rent on Land	135 000	(70 000)	65 000	-	65 000	-	65 000	5 132	-	(59 869)	7.89	3.80
Contracted Services	3 223 184	1 588 228	4 811 412	512 906	5 324 318	(68 797)	5 255 521	4 709 566	-	(545 955)	89.61	146.12
Inventory Consumed	622 993	(92 051)	530 942	(31 199)	499 743	13 666	513 409	330 388	-	(183 020)	64.35	53.03
Operating Leases	565 000	-	565 000	-	565 000	-	565 000	555 537	-	(9 463)	98.33	98.33
Operational Costs	7 894 320	1 351 306	9 245 626	1 008 420	10 254 046	(159 620)	10 094 426	9 577 094	-	(517 332)	94.88	121.32
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	35 000	35 000	23 066	-	(11 934)	65.90	0.00
Total Expenditure	63 080 072	(624 203)	62 455 868	1 767 131	64 222 999	-	64 222 999	66 682 151	3 832 325	2 459 152	103.83	105.71
Surplus/(Deficit for the Year)	817 928	649 973	1 467 901	217 870	1 685 771	-	1 685 771	(7 780 314)	(3 832 325)	(9 466 085)	-	-

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Rental of Facilities and Equipment:

Over budgeted for. Some rental contracts have been ended.

Operational Revenue:

Budgeted Other Income includes VAT received that was credited against VAT Receivables.

Other income were too optimistically budgeted for and include the Income on Support and Shared services to Local Municipalities which did not realised.

Gains on Disposal of Property, Plant and Equipment:

Gains on disposal of PPE was over budgeted for.

Employee Related Costs:

Employee Related Cost have been under budgeted for as vacant positions would have not be filled. Actuarial Gains was disclosed as revenue and not expenditure which increased the actual amount.

Remuneration of Councillors:

The variance are due to the change in the remuneration as gazetted and the change in the portfolio of Councillors.

Interest, Dividends and Rent on Land:

Over budgeted for due to the finance lease of vehicles that did not materialised

Contracted Services:

Underspending is mainly due to cost containment measures and cash flow challenges.

Inventory Consumed:

Underspending is mainly due to cost containment measures and cash flow challenges.

Loss on Disposal of Property, Plant and Equipment:

Over budgeted for Loss on Disposal of Property, Plant and Equipment.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2017

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorise d Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CAPITAL EXPENDITURE PER FUNCTION	R	R	R	R	R	R	R	R	R	R	R	R
Finance and Administration	775 000	671 200	1 446 200	220 000	1 666 200	(69 600)	1 596 600	1 596 410	-	(190)	99.99	205.99
Planning and Development	-	-	-	-	-	69 600	69 600	110 959	41 359	41 359	159.42	0.00
Total Capital Expenditure	775 000	671 200	1 446 200	220 000	1 666 200	-	1 666 200	1 707 369	41 359	41 169	102.47	220.31
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual												
Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:												
Planning and Development:												
The Environmental Health function of Dawid Kruiper Local Municipality was transferred to ZFM on 1 July 2017. All assets were also transferred and was recorded as capital additions during the 2016/17 financial year which was not budgeted for by ZFM.												

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2017

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	56 883 800	-	56 883 800	-	56 883 800	-	56 883 800	57 182 502	-	298 702	100.53	100.53
Rental from Fixed Assets	-	-	-	-	-	-	-	7 385	-	7 385	0.00	0.00
External Interest and Dividends Received	525 000	-	525 000	-	525 000	-	525 000	728 210	-	203 210	138.71	138.71
Other Receipts	5 707 280	(1 774 746)	3 932 534	-	3 932 534	-	3 932 534	748 587	-	(3 183 947)	19.04	13.12
Employee Related Costs	(56 104 413)	2 759 225	(53 345 188)	-	(53 345 188)	-	(53 345 188)	(46 104 865)	3 832 325	7 240 323	86.43	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(3 190 132)	-	(3 190 132)	0.00	0.00
External Interest and Dividends Paid	(142 000)	82 600	(59 400)	-	(59 400)	-	(59 400)	(5 132)	-	54 269	8.64	0.00
Suppliers Paid	(5 249 123)	(925 311)	(6 174 434)	-	(6 174 434)	-	(6 174 434)	(1 523 017)	-	4 651 417	24.67	0.00
Other Payments	-	-	-	-	-	-	-	(9 615 441)	-	(9 615 441)	0.00	0.00
VAT Receivable / Payable	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(775 000)	(671 200)	(1 446 200)	(220 000)	(1 666 200)	-	(1 666 200)	(1 521 685)	41 359	144 515	91.33	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(185 684)	-	(185 684)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	150 000	(20 000)	130 000	-	130 000	-	130 000	22 937	-	(107 063)	17.64	15.29
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	-	131 657	-	131 657	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Repayment of Borrowings	(250 000)	100 000	(150 000)	-	(150 000)	-	(150 000)	(102 157)	-	47 843	68.10	0.00
Cash and Cash Equivalents at End of the Year	745 544	(449 431)	296 113	(220 000)	76 113	-	76 113	(3 426 832)	3 873 685	(3 502 945)	0.00	0.00

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:

Not budgeted for under cash flow statement.

External Interest and Dividends Received:

The interest rate hikes was favourable for investors and invested at shortest possible time after Equitable funds became available. Therefore the higher returns on the call deposits made during the year.

The amount anticipated interest from SARS on the outstanding VAT refunds but all refunds have been paid over to the municipality without any delays.

Other Receipts:

Budgeted Other Income includes VAT received that was credited against VAT Receivables.

Other income were too optimistically budgeted for and include the Income on Support and Shared services to Local Municipalities which did not realised.

Employee Related Costs:

Over budgeted for as Remuneration of Councillors, Suppliers paid and Other payments were budgeted for under Employee Related Cost.

Remuneration of Councillors:

NT Budget Template not aligned to GRAP requirements - Councillor Remuneration included in Suppliers Paid below.

External Interest and Dividends Paid:

Over budgeted for due to the finance lease of vehicles that did not materialised

Suppliers Paid:

Budgeted for under Employee Related Cost

Other Payments:

Budgeted for under Employee Related Cost

Purchase of Intangible Assets:

NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

Proceeds on Disposal of Property, Plant and Equipment:

The auctions and SCM processes did not deliver the desired returns as anticipated with the disposal of assets.

Decrease / (Increase) in Long-term Receivables:

Budgeted for under Other Income of Cash Flow Statement.

Repayment of Borrowings:

Over Budgeted for due to the settlement of the loans before year-end.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2017/18	2016/17
	R	R
Net surplus/(deficit) per the statement of financial performance	(607 713)	(7 780 314)
Revenue from Non-exchange Transactions		
Transfers and Subsidies	(605 380)	1 961 110
Impairment Gains	(295 545)	-
Revenue from Exchange Transactions		
Rental from Fixed Assets	(119)	12 615
Interest, Dividends and Rent on Land Earned	(1 139)	(63 210)
Operational Revenue	349 126	4 946 419
Gains on Disposal of Property, Plant and Equipment	(180)	150 000
Expenditure		
Employee Related Costs	(1 217 239)	4 386 981
Remuneration of Councillors	(135)	(531 208)
Depreciation and Amortisation	(53 648)	(27 672)
Impairment Losses	(14 711)	(12 476)
Finance Costs	-	(59 869)
Contracted Services	(100 710)	(545 955)
Inventory Consumed	(46 750)	(183 020)
Grants and Subsidies Paid	(145 793)	(28 901)
Operating Leases	(642 425)	(9 463)
Operational Costs	(2 792 553)	(517 332)
Loss on Disposal of Property, Plant and Equipment	(8 090)	(11 934)
Net surplus/deficit per approved budget	(6 183 005)	1 685 771

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2017 and 30 June 2018 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 7.2 on Revenue from Exchange Transactions and Accounting Policy 7.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

1.3.2 Impairment of Financial Assets

Accounting Policy 6.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**

The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

1.3.3 Useful lives of Property, Plant and Equipment and Intangible Assets

As described in Accounting Policies 3.3, and 4.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy N/A on Impairment of Assets, Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 7 and 8 to the Annual Financial Statements, if applicable.

1.3.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 9.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.7 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Assumption*.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting
- GRAP 20 Related Party Disclosures
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 108 Statutory Receivables
- GRAP 109 Accounting by Principals and Agents
- IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate disclosure:

- GRAP 20 Related Party Disclosures

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality, except for:

- GRAP 108 Statutory Receivables:-
It is expected that the Standard will affect the valuation of Receivables from Non-Exchange Transactions, but the extent cannot be determined at this stage.
- GRAP 109 Accounting by Principals and Agents:-
The effect of this Standard on accounting for transactions between the municipality, another function of government or private sector and third parties, can only be determined once it becomes effective.

2. ACCUMULATED SURPLUS

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements:

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

3.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			Other	
	Improvements	25 - 100		Bins and Containers	5
				Furniture and Fittings	5 - 10
	Community			Office Equipment	3 - 7
	Recreational Facilities	15 - 60		Other items of Plant and Equipment	2 - 5
	Security	5		Other Vehicles	5 - 10
				Specialised Plant and Equipment	10 - 15
				Specialist Vehicles	5 - 20
				Watercraft	15

3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3.7 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

4. INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

Amortisation is charged on a *Straight-line Method* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years
	Computer Software Purchased	3 - 5

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

5. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

5.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

5.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

6. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques.
- These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

6.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

6.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

6.3 Initial and Subsequent Measurement

6.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

6.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the *Accrual Basis* and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

6.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

6.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

6.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

6.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

7. REVENUE RECOGNITION

7.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

7.2 Revenue from Exchange Transactions

7.2.1 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

7.2.2 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

7.2.3 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

7.3 Revenue from Non-exchange Transactions

7.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

7.3.2 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

7.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

7.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

8. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

9. EMPLOYEE BENEFIT LIABILITIES

9.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

The entity recognise the expected cost of bonus payments (13th cheques) when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and the settlement will be within 12 months. Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

9.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

9.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

9.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

10. LEASES

10.1 The Municipality as Lessee

10.1.1 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

10.2 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

11. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

12. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

13. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

14. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

16. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

17. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

18. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

19. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2017 to 30 June 2018.

ZF MGCAWU DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2018

20. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy.

In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note N/A for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in Note 33 to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Refer to Note 32 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

21. TREATMENT OF SUPPORT FUNDS RECEIVED

Funding received from Local Municipalities for support services are not recognised as revenue but are allocated to support accounts where the actual cost of support services (admin fees, travel costs and subsistence allowances) are deducted from. By using support accounts for each Local Municipality ZFM has more control over its support services and cannot overspend on support rendered.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

ZF Mgcawu District Municipality (The Municipality, formerly known as Siyanda District Municipality) is a local government institution in Northern Cape, Upington and has 5 local municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2018. The principal activities of the municipality are disclosed in the Annual Report.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2018			
Service Debtors:	597 693	469 912	127 781
Merchandising, Jobbing and Contracts	597 693	469 912	127 781
Prepayments and Advances	33 000	-	33 000
Rent	33 000	-	33 000
Total Receivables from Exchange Transactions	630 693	469 912	160 781
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2017			
Service Debtors:	714 977	604 288	110 689
Merchandising, Jobbing and Contracts	714 977	604 288	110 689
Prepayments and Advances	33 000	-	33 000
Rent	33 000	-	33 000
Total Receivables from Exchange Transactions	747 977	604 288	143 689

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratios of the municipality's Receivables.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

The municipality is in the process to follow legal actions on all outstanding debtors relating to continuous medical aid members.

	2018 R	2017 R
2.1 Ageing of Receivables from Exchange Transactions		
Other Debtors: Ageing		
<u>Current:</u>		
0 - 30 days	102 884	58 841
<u>Past Due:</u>		
31 - 60 Days	13 036	10 808
61 - 90 Days	21 460	21 247
91 - 120 Days	13 416	15 541
+ 120 Days	479 897	641 540
Total	630 693	747 977

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2018				
<i>Current:</i>				
0 - 30 days	17 898	-	84 986	102 884
<i>Past Due:</i>				
31 - 60 Days	10 376	-	2 660	13 036
61 - 90 Days	21 460	-	-	21 460
+ 90 Days	13 416	-	-	13 416
+ 120 Days	374 814	2 765	102 318	479 897
Sub-total	437 964	2 765	189 963	630 693
Less: Provision for Impairment	374 814	-	95 098	469 912
Total Trade Receivables by Customer Classification	63 150	2 765	94 865	160 781

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2017				
<i>Current:</i>				
0 - 30 days	10 109	-	48 732	58 841
<i>Past Due:</i>				
31 - 60 Days	10 808	-	-	10 808
61 - 90 Days	21 247	-	-	21 247
+ 90 Days	15 541	-	-	15 541
+ 120 Days	311 122	223 848	106 570	641 540
Sub-total	368 827	223 848	155 302	747 977
Less: Provision for Impairment	311 122	223 848	69 318	604 288
Total Trade Receivables by Customer Classification	57 705	-	85 984	143 689

	2018 R	2017 R
2.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	604 288	313 029
<i>All Consumer Debtors</i>	604 288	313 029
Impairment Losses recognised	89 472	291 259
<i>All Consumer Debtors</i>	89 472	291 259
Impairment Losses reversed	(223 848)	-
<i>All Consumer Debtors</i>	(223 848)	-
Balance at end of year	469 912	604 288

2.4 Ageing of impaired Receivables from Exchange Transactions

<i>Current:</i>		
0 - 30 Days	-	-
<i>Past Due:</i>		
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	469 912	604 288
Total	469 912	604 288

An impairment loss of R469 912 was provided on 30 June 2018 due to the uncertainty of the recoverability of the outstanding debtors.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2018			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	11 950	-	11 950
Accrued Income	-	-	-
Total Receivables from Non-exchange Transactions	11 950	-	11 950
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2017			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	-	-	-
Accrued Income	114 502	-	114 502
Total Receivables from Non-exchange Transactions	114 502	-	114 502

Accrued Income: ZFM budgeted for mSCOA Implementation under the 2017/18 FMG Activity Plan but implementation started in June 2017 to comply with the implementation date of mSCOA on 1 July 2017. In the 2016/17 Special Adjustment Budget the 2016/17 FMG budget amount was increased by R450 000 to prevent unauthorised expenditures and decreased the Original Budget for 2017/18 financial year. Therefore the FMG was overspent in 2016/17 financial year and funding for the R450 000 will be received during the 2017/18 financial year.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

3.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2018

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Government Subsidy Claims:					
Gross Balances	-	-	4 000	7 950	11 950
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	4 000	7 950	11 950

As at 30 June 2017

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Government Subsidy Claims:					
Gross Balances	114 502	-	-	-	114 502
Less: Provision for Impairment	-	-	-	-	-
Net Balances	114 502	-	-	-	114 502

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
4. VAT RECEIVABLE / PAYABLE		
VAT Receivable / (Payable)	<u>479 464</u>	<u>274 374</u>

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

	2018 R	2017 R
5. CASH AND CASH EQUIVALENTS		
Current Investments	526	513
Bank Accounts	635 875	287 870
Cash and Cash Equivalents	8 976	485
Total Bank, Cash and Cash Equivalents	<u>645 377</u>	<u>288 868</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Current Investments.

5.1 Current Investment Deposits

Call Deposits	526	513
Total Current Investment Deposits	<u>526</u>	<u>513</u>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.5% to 7.5% per annum.

Deposits attributable to Deposit taking Institutions	526	513
KOF: ABSA Account 1045170264	<u>526</u>	<u>513</u>
Total Deposits attributable to Commitments of the Municipality	<u>526</u>	<u>513</u>

KOF: ABSA Account 1045170264

Cash book balance at beginning of year	513	-
Cash book balance at end of year	<u>526</u>	<u>513</u>
Bank statement balance at beginning of year	513	-
Bank statement balance at end of year	<u>526</u>	<u>513</u>

5.2 Bank Accounts

Cash in Bank	635 875	287 870
Total Bank Accounts	<u>635 875</u>	<u>287 870</u>

The Municipality has the following bank accounts:

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	R	R
Primary Bank Account		
<i>ABSA Bank Account 2240000035</i>		
Cash book balance at beginning of year	287 870	1 027 353
Cash book balance at end of year	<u>635 875</u>	<u>287 870</u>
Bank statement balance at beginning of year	287 870	1 027 353
Bank statement balance at end of year	<u>635 875</u>	<u>287 870</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

5.3 Cash and Cash Equivalents

Cash Floats and Advances	8 976	485
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>8 976</u>	<u>485</u>

Petty Cash Bank Account

<i>ABSA Bank Account 9266723639</i>		
Cash book balance at beginning of year	485	13 865
Cash book balance at end of year	<u>8 976</u>	<u>485</u>
Bank statement balance at beginning of year	485	13 865
Bank statement balance at end of year	<u>8 976</u>	<u>485</u>

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

6. CURRENT PORTION OF LONG-TERM RECEIVABLES

Finance Lease Receivable	3 600	3 600
Staff Related Long Term Receivables	87 386	170 108
Employee PAYE Debtors	53 946	93 830
Performance Bonus Debtors	27 443	73 377
Maternity Leave Debtors	3 095	0
Acting Allowance Debtors	2 902	2 902
Total Current Portion of Long-term Receivables	<u>90 986</u>	<u>173 708</u>

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2018

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Other Assets	Total
	R	R	R	R				R	R
Carrying values at 01 July 2017	17 976 000	945 760	18 921 760	812 574	441 091	45 446	1 371 614	-	21 592 485
Cost	17 976 000	2 056 000	20 032 000	1 902 258	2 525 955	181 051	1 802 130	-	26 443 395
Accumulated Depreciation:	-	(1 110 240)	(1 110 240)	(1 089 684)	(2 084 864)	(135 605)	(430 516)	-	(4 850 910)
Acquisitions	-	-	-	51 657	27 068	-	-	-	78 725
Depreciation:	-	(82 240)	(82 240)	(236 178)	(114 114)	(17 499)	(144 479)	-	(594 510)
Carrying value of Disposals:	-	-	-	(30 910)	(2 580)	(60)	-	-	(33 550)
- Cost	-	-	-	(120 246)	(28 615)	(600)	-	-	(149 461)
- Accumulated Depreciation	-	-	-	89 336	26 035	540	-	-	115 911
Carrying values at 30 June 2018	17 976 000	863 520	18 839 520	597 144	351 466	27 887	1 227 134	-	21 043 150
Cost	17 976 000	2 056 000	20 032 000	1 833 669	2 524 409	180 451	1 802 130	-	26 372 660
Accumulated Depreciation:	-	(1 192 480)	(1 192 480)	(1 236 526)	(2 172 943)	(152 565)	(574 996)	-	(5 329 509)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2017

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Other Assets	Total
	R	R	R	R				R	R
Carrying values at 01 July 2016	17 976 000	1 028 000	19 004 000	-	-	-	-	1 641 776	20 645 776
Cost	17 976 000	2 056 000	20 032 000	-	-	-	-	5 116 576	25 148 576
Accumulated Depreciation:	-	(1 028 000)	(1 028 000)	-	-	-	-	(3 474 800)	(4 502 800)
mSCOA Reclassification (Note 32)	-	-	-	697 970	459 157	63 112	421 537	(1 641 776)	0
Cost	-	-	-	1 678 800	2 465 724	181 051	791 000	(5 116 576)	-
Accumulated Depreciation:	-	-	-	(980 830)	(2 006 567)	(117 939)	(369 463)	3 474 800	0
Restated Carrying values at 01 July 2016	17 976 000	1 028 000	19 004 000	697 970	459 157	63 112	421 537	-	20 645 776
Cost	17 976 000	2 056 000	20 032 000	1 678 800	2 465 724	181 051	791 000	-	25 148 576
Accumulated Depreciation:	-	(1 028 000)	(1 028 000)	(980 830)	(2 006 567)	(117 939)	(369 463)	-	(4 502 800)
Acquisitions	-	-	-	412 774	97 782	-	1 011 130	-	1 521 685
Depreciation:	-	(82 240)	(82 240)	(259 993)	(108 020)	(17 666)	(61 053)	-	(528 973)
Carrying value of Disposals:	-	-	-	(38 176)	(7 828)	-	-	-	(46 004)
- Cost	-	-	-	(189 316)	(37 551)	-	-	-	(226 866)
- Accumulated Depreciation	-	-	-	151 140	29 723	-	-	-	180 863
Carrying values at 30 June 2017	17 976 000	945 760	18 921 760	812 574	441 091	45 446	1 371 614	-	21 592 485
Cost	17 976 000	2 056 000	20 032 000	1 902 258	2 525 955	181 051	1 802 130	-	26 443 395
Accumulated Depreciation:	-	(1 110 240)	(1 110 240)	(1 089 684)	(2 084 864)	(135 605)	(430 516)	-	(4 850 910)

Refer to Appendices "B, C and E (4)" for more detail on Property, Plant and Equipment, including those in the course of construction.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
7 PROPERTY, PLANT AND EQUIPMENT (Continued)		
7.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use		
At Carrying Amount:		
Furniture and Office Equipment	2 077	2 476
Gross Carrying Amount of PPE fully depreciated and still in use	2 077	2 476
7.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation		
Refer to Note 31 for Property, Plant and Equipment that were retired from active use and held for disposal during the financial year.		
7.3 Assets pledged as security		
The Municipality did not pledge any of its assets as security, except for Leased Assets.		
7.4 Impairment of Property, Plant and Equipment		
No Property, Plant and Equipment were impaired from active use during the financial year.		
7.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed		
There was no change (2016/17: R0) in the estimated useful life of various assets of the municipality for the financial year.		
A change in the estimated useful life of various assets of the Municipality has resulted in the following decreases in depreciation for the mentioned departments for the financial year 2017/18:		
Administration	(89)	(2 171)
Asset Management Unit	-	(489)
Budget and treasury office	-	(3 843)
Communication & Liaison	-	(1 279)
Council Administration	(61)	(75)
Council Services	(376)	(4 596)
Disaster Management	(602)	(117)
Engineering Services	23 004	(217)
Environmental Health	(115)	(172)
Financial Services	(487)	(5 153)
Housing Accreditation	(73)	(5 347)
Human Resources	(555)	(4 344)
Information Technology	(11 019)	(6 535)
Internal Audit	(1 410)	(893)
LED	(32)	-
Municipal Manager	(79)	(2 529)
Municipal Support Services	(1)	-
PIMMS	(4 124)	(539)
Property Services	(308)	(3 483)
Risk Management	(295)	-
Supply Chain Management	-	(493)
Technical Support Services	-	(9)
Tourism	(219)	(3 145)
Total Change in Estimate for Useful Life of Property, Plant and Equipment	3 158	(45 429)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

7.7 Repairs and Maintenance

Repairs and Maintenance expenditures of Property, Plant and Equipment are disclosed under Contracted Services, refer Note .

7.8 Compensation received for Losses

Compensation, included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year:

	2018 R	2017 R
Compensation received from insurers	17 527	3 352
Carrying value of lost assets	(6 649)	(18 273)
Surplus / (Deficit) on Compensation received for Lost PPE	10 878	(14 921)

8 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

161 134	198 994
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The movement in Intangible Assets is reconciled as follows:

30 June 2018

Carrying values at 01 July 2017

	Computer Software	Total
Cost	198 994	198 994
Accumulated Amortisation	592 830	592 830
	(393 836)	(393 836)

Acquisitions:	-	-
Purchased	-	-

Amortisation:	(38 039)	(38 039)
Purchased	(38 039)	(38 039)

Carrying value of Disposals:	180	180
- Cost	(17 228)	(17 228)
- Accumulated Depreciation	17 408	17 408

Carrying values at 30 June 2018

Cost	161 134	161 134
Accumulated Amortisation	575 602	575 602
	(414 468)	(414 468)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Computer Software	Total
30 June 2017		
Carrying values at 01 July 2016	73 108	73 108
Cost	407 146	407 146
Accumulated Amortisation	(334 038)	(334 038)
Acquisitions:	185 684	185 684
Purchased	185 684	185 684
Amortisation:	(59 798)	(59 798)
Purchased	(59 798)	(59 798)
Carrying values at 30 June 2017	198 994	198 994
Cost	592 830	592 830
Accumulated Amortisation	(393 836)	(393 836)

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 0).

All of the Municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the Municipality.

No restrictions apply to any of the Intangible Assets of the Municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

8.1 Significant Intangible Assets

The Municipality's intangible assets only comprise of computer related software.

8.2 Intangible Assets with Indefinite Useful Lives

The Municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

8.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the Municipality at the reporting date.

8.4 Change in Estimate - Useful Life of Intangible Assets reviewed

The estimated useful lives of Intangible Assets were reviewed on but no changes were made by the Municipality

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9 LONG-TERM RECEIVABLES

Gross Balances:

	2018 R	2017 R
Finance Lease Receivable	55 235	54 396
Staff Related Long Term Receivables	214 676	435 865
Employee PAYE Debtors	164 046	319 722
Performance Bonus Debtors	34 303	107 680
Maternity Leave Debtors	10 523	0
Acting Allowance Debtors	5 804	8 463
	269 912	490 261

Less: Provision for Impairment:

Finance Lease Receivable	(37 331)	(35 514)
Staff Related Long Term Receivables	(110 100)	(181 797)
Employee PAYE Debtors	(110 100)	(181 797)
	(147 431)	(217 311)

Net Balances:

Finance Lease Receivable	17 904	18 882
Staff Related Long Term Receivables	104 576	254 068
Employee PAYE Debtors	53 946	137 925
Performance Bonus Debtors	34 303	107 680
Maternity Leave Debtors	10 523	0
Acting Allowance Debtors	5 804	8 463
	122 480	272 951

Total Long Term Receivables

Less: Current Portion transferred to Current Receivables:

Finance Lease Receivable	(3 600)	(3 600)
Staff Related Long Term Receivables	(87 386)	(170 108)
Employee PAYE Debtors	(53 946)	(93 830)
Performance Bonus Debtors	(27 443)	(73 377)
Maternity Leave Debtors	(3 095)	(0)
Acting Allowance Debtors	(2 902)	(2 902)
	(90 986)	(173 708)

Non-Current Portion of Long Term Receivables

31 495	99 242
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FINANCE LEASE RECEIVABLES

Finance Lease Receivables relate to Housing Selling Scheme Loans:

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rented from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of 5% per annum.

STAFF RELATED LONG TERM RECEIVABLES

In terms of the MFMA no Study Cost Loans are granted anymore. The outstanding amount is in respect of:

i) Employee PAYE Debtors for Reimbursed Allowances

During the preparation of the 2015/16 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not capture Reimbursed Travel Allowances on the employees and Councillors' IRP5 certificates for 2012 & 2013 tax assessments. The employees' tax and interest of R481 026 were charged by SARS which were paid by ZFM during 2015/16 financial year on behalf of the employees. ZFM will recover this amount from employees over a 3 year period with no interest, ending 31 January 2019.

ii) Performance Bonus Debtors

Performance bonuses were paid outside the payroll system and was incorrectly loaded onto the payroll system resulted in an over payment of Performance Bonuses. ZFM will recover this amount from employees over a 3 year period with no interest, ending 30 September 2019.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

iii) Acting Allowance Debtors

An Acting Allowance was incorrectly paid out to an employee. ZFM will recover this amount from employees over a 3 year period with no interest, ending 31 May 2020.

The Municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the Municipality's financial liabilities.

A provision for impairment of R147 431 (2017: R217 311) has been made as management have concerns over the recoverability of these assets.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

9.1 Leasing Arrangements

The Municipality entered into finance Leasing Arrangements for the house selling scheme loans. All leases are denominated in Currency Units. The average term of Finance Leases entered into is twenty years.

9.2 Amounts receivable under Finance Leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2018	2017	2018	2017
	R	R	R	R
Within one year	7 286	7 286	7 286	7 286
In the second to fifth years, inclusive	29 145	29 145	29 145	29 145
Over five years	36 191	34 005	36 191	34 005
	<u>72 622</u>	<u>70 436</u>	<u>72 622</u>	<u>70 436</u>
Less: Unearned Finance Income	17 387	16 040	17 387	16 040
Present Value of Minimum Lease Payments Receivable	55 235	54 396	55 235	54 396
Provision for Uncollectable Lease Receivables	(37 331)	(35 514)	(37 331)	(35 514)
Total Finance Lease Receivables	<u>17 904</u>	<u>18 882</u>	<u>17 904</u>	<u>18 882</u>

	2018	2017
	R	R
Included in the Annual Financial Statements as:		
Non-current Finance Lease Receivables	14 304	15 282
Current Finance Lease Receivables	(3 600)	(3 600)
Total Finance Lease Receivables	<u>10 704</u>	<u>11 682</u>

The interest rates inherent in the leases are fixed at the contract date of the entire lease term. The average effective interest rate contracted is approximately 5% (2017: 5,00%) per annum.

Management of the municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

9.3 Ageing of Long-term Receivables

Current:

0 - 30 days	102 930	254 068
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Past Due:

31 - 60 Days	1 646	-
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61 - 90 Days	-	-
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91 - 120 Days	-	-
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+ 120 Days	110 100	181 797
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Total	<u>214 676</u>	<u>435 865</u>
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ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

As at 30 June Long-term Receivables of R214 676 (2017: R435 865) were past due of which R110 100 (2017: R181 797) were impaired. No terms for payment have been re-negotiated. The age analysis of these Long-term Receivables is as follows:

	2018 R	2017 R
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	-
+ 120 Days	110 100	181 797
Total	110 100	181 797

9.4 Reconciliation of the Provision for Impairment

Balance at beginning of year	217 311	148 381
Impairment Losses recognised	1 817	68 930
Finance Lease Receivable	1 817	35 514
Staff Related Long Term Receivables	-	33 416
Impairment Losses reversed	(71 696)	-
Finance Lease Receivable	-	-
Staff Related Long Term Receivables	(71 696)	-
Balance at end of year	147 431	217 311

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The Provision for Impairment on Long-term Receivables exists predominantly due to the possibility that these debts will not be recovered. Long-term Receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment. However, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

10 PROVISIONS

Performance Bonus	450 545	473 897
Current Portion of Employee Benefit Liabilities (See Note N/A):	2 205 303	2 089 513
Post-retirement Medical Aid Benefits Liability	1 774 007	1 751 821
Long-term Service Liability	431 296	337 692
Current Portion of Non-Current Provisions (See Note N/A):	-	-
Total Provisions	2 655 848	2 563 410

The movement in provisions is reconciled as follows:

Current Provisions:

Performance Bonus:

Opening Balance	473 897	481 344
Increases	450 545	439 305
Reductions	(473 897)	(446 752)
Balance at end of year	450 545	473 897

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Current Portion of Defined Benefit Liabilities:

	Medical Aid	Long-term Service
	R	R
30 June 2018		
Opening Balance	1 751 821	337 692
Expenditure incurred	(1 562 757)	(451 003)
Contributions to provision	1 584 943	544 607
Balance at end of year	1 774 007	431 296

	Medical Aid	Long-term Service
	R	R
30 June 2017		
Opening Balance	1 636 896	374 382
Expenditure incurred	(1 789 252)	(247 722)
Contributions to provision	1 904 177	211 032
Balance at end of year	1 751 821	337 692

11 PAYABLES FROM EXCHANGE TRANSACTIONS

	2018	2017
	R	R
Advance Payments	2 958 558	1 644 586
Internal Audit District Support	813 525	1 367 452
Tsantsabane Local Municipality Support	195 034	277 133
SPLUMA District Support	1 000 000	-
Disaster Management District Support	950 000	-
Bonus	1 406 783	1 351 934
Leave Accrual	2 413 056	2 319 065
Other Payables: Salary Clearing and Control	826 678	957 775
Salary Control	37 000	86 105
Travel Control	8 476	8 476
UIF Control	59 239	64 102
Skills Control	69 468	68 831
Medical Aid Control	258 963	427 088
Unions Control	7 421	7 047
Employee Deductions FICS	386 110	296 125
Retentions	-	297 476
Salary Related Payables	2 941 985	3 954 201
Compensation Commission (COID)	195 297	183 541
PAYE Deductions	1 343 890	1 215 539
Pension and Retirement Contributions	616 933	569 543
Standby	785 865	1 985 578
Trade Creditors	5 553 128	1 969 067
Auditor-General of South Africa	2 499 873	-
Payables and Accruals	3 053 255	1 969 067
Total Payables	16 100 187	12 494 103

Advance Payments (Support Accounts) are money received to render support services to Local Municipalities in the district. All expenditures are recorded in separate suspense accounts so that ZFM District Municipality can have more control over the costing of support services. Admin fees, actual travel costs, subsistence allowances and professional fees are deducted from these suspense accounts.

Staff Bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

12 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Transfers and subsidies

Total Payables

2018 R	2017 R
56 581	151 691
56 581	151 691

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The management of the Municipality is of the opinion that the carrying value of Creditors approximates their fair values.

13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

13.1 Conditional Grants from Government

National Government

Provincial Government

Total Conditional Grants and Receipts

1 663 286	5 104 128
261 258	2 200 144
1 402 028	2 903 984
1 663 286	5 104 128

The Unspent Conditional Grants are only cash backed by Cash and Cash Equivalents of R645 377 (Note 5), VAT Receivables of R479 464 (Note 4) and Receivable from Exchange Transactions of R160 781 (Note 2).

The Unspent Conditional Grants and Receipts are invested in call deposit accounts until utilised.

Refer to Note 17 for the reconciliation of Grants from Government Receipts. The Municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

An amount of R2 200 144 was withheld by National Treasury during 2017/18 financial year due to an unspent portion of EPWP (R310 383) and RRAMS (R1 889 761) during 2016/17 financial year. Refer to the unspent portion in Note 17 below.

Refer to Appendix "F" for more detail on Conditional Grants.

14 LONG-TERM LIABILITIES

Operating Lease Liability

Non-Current Portion of Long Term Liabilities

Plus: Current Portion transferred to Current Liabilities:-

Total Long-term Liabilities (Neither past due, nor impaired)

-	30 853
-	30 853
-	-
-	30 853

14.1 Operating Leases

Balance at beginning of year

Operating Lease expenses recorded

Operating Lease payments effected

Total Operating Lease Liabilities

30 853	51 400
(354 916)	(576 084)
324 064	555 537
-	30 853

14.2 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Rental of Office space (Ancorley Building) with lease terms of 3 years ending 31 January 2018, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the Municipality exercises its option to renew. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
14.3 Amounts payable under Operating Leases		
At the Reporting Date the Municipality had outstanding commitments under Non-cancellable Operating Leases, which fall due as follows:		
Buildings:	-	404 605
Up to 1 year	-	404 605
2 to 5 years	-	-
More than 5 years	-	-
Total Operating Lease Arrangements	-	404 605

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	(354 916)	(576 084)
Total Operating Lease Expenses	(354 916)	(576 084)

The following restrictions have been imposed on the Municipality in terms of the lease agreements on Rental of Office Space:

- (i) The building shall remain the property of the lessor.
- (ii) The lessee shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the building.
- (iii) The building shall be returned in good order and condition to the lessor upon termination of the agreement.

15 EMPLOYEE BENEFIT LIABILITIES

Post-retirement Health Care Benefits Liability	33 207 527	33 272 682
Long Service Awards Liability	3 803 746	3 408 329
Total Employee Benefit Liabilities	37 011 273	36 681 011
Less: Current Portion of Employee Benefit Liabilities	(2 205 303)	(2 089 513)
Post-retirement Health Care Benefits Liability	(1 774 007)	(1 751 821)
Long Service Awards Liability	(431 296)	(337 692)
Non-current portion of Employee Benefit Liabilities	34 805 970	34 591 498

15.1 Post-retirement Health Care Benefits Liability

Opening balance	33 272 682	32 356 629
Interest cost	3 076 218	2 949 572
Current service cost	872 290	850 877
Actual employer benefit payments	(1 562 757)	(1 789 252)
Actuarial loss/ (gain) recognised in the year	(2 450 906)	(1 095 144)
Balance at end of Year	33 207 527	33 272 682
Transfer to Current Provisions	(1 774 007)	(1 751 821)
Total Post-retirement Health Care Benefits Liability	31 433 520	31 520 861

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

	2018 R	2017 R
In-service Members (Employees)	56	56
In-service Non-members (Employees)	45	48
Continuation Members (Retirees, widowers and orphans)	30	31
Total Members	131	135

The liability in respect of past service has been estimated as follows:

In-service Members	9 165 462	8 578 828
In-service Non-members	2 373 441	1 988 882
Continuation Members	21 668 624	22 704 972
Total Liability	33 207 527	33 272 682

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2018 is estimated to be R3 076 218, whereas the cost for the ensuing year is estimated to be R3 537 354 (30 June 2017: R2 949 572 and R3 076 218 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.47%	9.49%
Health Care Cost Inflation Rate	7.30%	7.77%
Net Effective Discount Rate	2.02%	1.59%
Expected Rate of Salary Increase	7.00%	7.36%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	58	58

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening balance	33 272 682	32 356 629
Interest cost	3 076 218	2 949 572
Current service cost	872 290	850 877
Actual employer benefit payments	(1 562 757)	(1 789 252)
Actuarial loss/ (gain) recognised in the year	(2 450 906)	(1 095 144)
Total Recognised Benefit Liability	33 207 527	33 272 682

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	33 207 527	33 272 682
Fair value of plan assets	-	-
	33 207 527	33 272 682
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	33 207 527	33 272 682
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	33 207 527	33 272 682

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	3 076 218	2 949 572
Interest cost	872 290	850 877
Employer Benefit Payments	(1 562 757)	(1 789 252)
Actuarial losses / (gains)	(2 450 906)	(1 095 144)
Total Post-retirement Benefit included in Employee Related Costs (Note 21)	(65 155)	916 053

The history of fair values are as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit Obligation	33 207 527	33 272 682	32 356 629	29 137 358	24 213 648
Deficit	33 207 527	33 272 682	32 356 629	29 137 358	24 213 648
Experienced adjustments on Plan Liabilities	830 000	2 157 000	1 764 000	(485 000)	(506 000)

	2018 R	2017 R
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The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	4 242 000	4 116 200
Effect on the defined benefit obligation	35 844 000	36 071 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	3 648 400	3 484 500
Effect on the defined benefit obligation	30 626 000	30 614 000

The municipality expects to make a contribution of R1 774 007 (2017: R1 751 821) to the Defined Benefit Plans during the next financial year.

Refer to Note 39, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

15.2 Long Service Awards Liability

Opening Balance	3 408 329	3 140 916
Payments Made	(451 003)	(247 722)
Actuarial losses / (gains)	279 760	(34 566)
Increases (Passage of Time/Discounted Rate)	566 660	549 701
Balance at end of Year	3 803 746	3 408 329
Transfer to Current Provisions	(431 296)	(337 692)
Total Long Service Awards Liability	3 372 450	3 070 637

The Municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, and every 1 year after 25 years of continuous service, to employees according to Collective Agreement Circular 1/2014 dated 27/10/2014 and the Council resolution in November 1996. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

At year end, 101 (2017: 104) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending ZF MGCAWU DISTRICT MUNICIPALITY is estimated to be R0, whereas the cost for the ensuing year is estimated to be R305 467 (30 June 2020: R331 890).

	2018 R	2017 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	8.65%	8.57%
Net Effective Discount Rate	2.28%	2.04%
Expected Rate of Salary Increase	6.23%	6.40%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	58	58

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance	3 408 329	3 140 916
Increases	-	-
Payments Made	(451 003)	(247 722)
Actuarial losses / (gains)	279 760	(34 566)
Increases (Passage of Time/Discounted Rate)	566 660	549 701
Total Recognised Benefit Liability	<u>3 803 746</u>	<u>3 408 329</u>

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3 803 746	3 408 329
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	3 803 746	3 408 329
Total Benefit Liability	<u>3 803 746</u>	<u>3 408 329</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	288 683	292 961
Interest cost	277 977	256 740
Payments Made	(451 003)	(247 722)
Actuarial losses / (gains)	279 760	(34 566)
Total Post-retirement Benefit included in Employee Related Costs (Note 21)	<u>395 417</u>	<u>267 413</u>

The history of experienced adjustments is as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit Obligation	3 803 746	3 408 329	3 140 916	2 784 058	2 798 966
Deficit	<u>3 803 746</u>	<u>3 408 329</u>	<u>3 140 916</u>	<u>2 784 058</u>	<u>2 798 966</u>
Experienced adjustments on Plan Liabilities	301 241	167 088	48 784	(112 056)	72 551

Above figures summarises the experience adjustments for the current period and the previous three periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	613 700	600 300
Effect on the defined benefit obligation	4 071 000	3 658 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	524 500	504 800
Effect on the defined benefit obligation	3 562 000	3 184 000

The municipality expects to make a contribution of R431 296 (2017: R337 692) to the defined benefit plans during the next financial year.

16 ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	(32 657 535)	(32 049 821)
Total Accumulated Surplus	(32 657 535)	(32 049 821)
Reconciliation of Accumulated Surplus:		
Opening Balance	(32 049 821)	(21 357 709)
Correction of Prior Period Error - Opening Balance	-	(2 911 798)
Accumulated Surplus As Per Financial Performance	(607 713)	(7 780 314)
Total Accumulated Surplus	(32 657 535)	(32 049 821)

17 TRANSFERS AND SUBSIDIES RECEIVED

Capital Grants	289 435	-
Monetary Allocations	289 435	-
Operational Grants	63 116 905	57 621 270
Allocations In-kind	-	-
Monetary Allocations	63 116 905	57 621 270
Total Government Grants and Subsidies	63 406 340	57 621 270

17.1 Operational Grants

	2018	2017
National Revenue Fund:	55 770 144	51 034 000
Equitable Share	55 770 144	51 034 000
National Governments:	4 734 240	4 539 613
Expanded Public Works Programme Integrated Grant	738 742	764 460
Local Government Financial Management Grant	1 135 498	1 364 502
Road Asset Management Systems Grant [Schedule 5B]	2 860 000	2 410 651
Provincial Government:	2 612 521	2 047 656
Housing	1 541 780	326 875
Disaster Management - Near Project Subsidy	240 654	605 836
Disaster Management - Fire Equipment Grant	-	15 606
Other	830 087	1 099 340
	63 116 905	57 621 270

17.2 Capital Grants

Provincial Government:	289 435	-
Regional Bulk Infrastructure Grant	289 435	-
Total Operational Grants Received	63 406 340	57 621 270

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	R	R
17.3 Reconciliation per Grant Source		
17.3.1 National Governments: Financial Management Grant		
Balance unspent at beginning of year	(114 502)	-
Current year receipts	1 250 000	1 250 000
Conditions met for 2017/18 - transferred to R	-	(114 502)
Conditions met - transferred to Revenue: Operating Expenses	(1 135 498)	(1 032 278)
Conditions met - transferred to Revenue: Capital Expenses	-	(217 722)
Conditions already met - transferred to Receivables from Non-Exchange Transactions (Note 3)	<u>-</u>	<u>(114 502)</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the Municipality.

ZFM budgeted for mSCOA Implementation under the 2017/18 FMG Activity Plan but implementation started in June 2017 to comply with the implementation date of mSCOA on 1 July 2017. In the 2016/17 Special Adjustment Budget the 2016/17 FMG budget amount was increased by R450 000 to prevent unauthorised expenditures and decreased the Original Budget for 2017/18 financial year. Therefore the FMG was overspent in 2016/17 financial year and funding for the R450 000 will be received during the 2017/18 financial year.

17.3.2 National Governments: Rural Road Asset Management Systems Grant

Balance unspent at beginning of year	1 889 761	1 616 411
Current year receipts	2 860 000	2 684 000
Conditions met - transferred to Revenue: Operating Expenses	(2 860 000)	(2 410 651)
Conditions not met: Operating Expenses (Withheld by National Treasury)	(1 889 761)	
Conditions met - transferred to Revenue: Capital Expenses	-	
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>0</u>	<u>1 889 761</u>

To assist rural district municipalities to set up Rural Road Asset Management Systems (RRAMS), and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

17.3.3 National Governments: EPWP Incentive Grant

Balance unspent at beginning of year	310 383	74 844
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	(738 742)	(747 963)
Conditions not met: Operating Expenses (Withheld by National Treasury)	(310 383)	
Conditions met - transferred to Revenue: Capital Expenses	-	(16 497)
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>261 258</u>	<u>310 383</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.4 Provincial Government: Disaster Management - Near Project Subsidy

Balance unspent at beginning of year	137 090	392 926
Current year receipts	350 000	350 000
Conditions met - transferred to Revenue: Operating Expenses	(240 654)	(605 836)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>246 437</u>	<u>137 090</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
17.3.5 Provincial Government: Disaster Management - Fire Equipment Grant		
Balance unspent at beginning of year	148 792	164 399
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(15 606)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>148 792</u>	<u>148 792</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.6 Provincial Government: DRD Sewer network and oxidation ponds RVM V/V

Balance unspent at beginning of year	289 435	289 435
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(289 435)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>-</u>	<u>289 435</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.7 Provincial Government: Housing Accreditation DPLG National

Balance unspent at beginning of year	491 780	68 655
Current year receipts	1 050 000	750 000
Conditions met - transferred to Revenue: Operating Expenses	(1 541 780)	(326 875)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>-</u>	<u>491 780</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.8 Provincial Government: Kgotso Pula Nala

Balance unspent at beginning of year	1 836 886	2 936 226
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(830 087)	(1 099 340)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>1 006 799</u>	<u>1 836 886</u>

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.9 Summary of Conditional Grants:

Balance unspent at beginning of year	4 989 626	5 542 896
Current year receipts	6 510 000	6 034 000
Conditions met for 2017/18 - transferred to Revenue: Operating Expenses	-	(114 502)
Conditions met - transferred to Revenue: Operating Expenses	(7 636 196)	(6 238 549)
Conditions not met: Operating Expenses (Withheld by National Treasury)	(2 200 144)	-
Conditions met - transferred to Revenue: Capital Expenses	-	(234 219)
Conditions still to be met - transferred to Liabilities	<u>1 663 286</u>	<u>4 989 626</u>

Grants classified under Receivables from Non-exchange Transactions (see Note 3)	-	114 502
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Unspent Conditional Grants - Current Liabilities (see Note 13)	<u>1 663 286</u>	<u>5 104 128</u>
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ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
18 RENTAL FROM FIXED ASSETS		
Straight-lined Operating Lease Revenue		
Other Fixed Assets	7 119	7 385
Total Rental of Facilities and Equipment	<u><u>7 119</u></u>	<u><u>7 385</u></u>
Rental income generated are at market related premiums. All rental income recognised is therefore market related.		
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
19 INTEREST, DIVIDENDS AND RENT ON LAND EARNED		
External Investments:		
Investments	605 400	725 580
	<u><u>605 400</u></u>	<u><u>725 580</u></u>
Outstanding Exchange Receivables:		
Long-term Debtors	2 739	2 630
	<u><u>2 739</u></u>	<u><u>2 630</u></u>
Total Exchange Interest Earned	<u><u>608 139</u></u>	<u><u>728 210</u></u>
20 OPERATIONAL REVENUE		
Administrative Handling Fees	-	184 200
Commission	42 800	45 588
Insurance Refund	-	5 365
Merchandising, Jobbing and Contracts	416 767	32 694
Skills Development Levy Refund	56 307	62 450
Staff Recoveries	-	214 674
Total Operational Revenue	<u><u>515 874</u></u>	<u><u>544 972</u></u>
21 EMPLOYEE RELATED COSTS		
Salaries and Wages		
Basic	29 199 394	28 608 364
Senior Management	1 435 382	1 931 778
Municipal Staff	27 764 012	26 676 586
Bonuses	571 118	439 402
Senior Management - Performance Bonus	571 118	439 402
Overtime - Shift workers	484 306	548 231
Municipal Staff	484 306	548 231

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	R	R
Allowances		
Acting and Post Related Allowances	479 317	162 597
Senior Management	265 348	54 076
Municipal Staff	213 970	108 521
Annual Bonus Allowance	2 235 234	2 252 992
Municipal Staff	2 235 234	2 252 992
Cellular and Telephone	82 200	84 600
Municipal Staff	82 200	84 600
Housing Benefits	403 173	397 090
Senior Management	31 200	31 200
Municipal Staff	371 973	365 890
Scarcity Allowance	80 726	80 726
Senior Management	80 726	80 726
Standby Allowance	51 280	68 441
Municipal Staff	51 280	68 441
Travel or Motor Vehicle	3 898 817	4 548 906
Senior Management	1 031 165	1 433 372
Municipal Staff	2 867 652	3 115 534
Uniform/Special/Protective Clothing	1 530	1 641
Social Contributions		
Bargaining Council	7 123	7 740
Senior Management	294	98
Municipal Staff	6 829	7 642
Medical	1 755 160	1 666 600
Senior Management	92 904	90 900
Municipal Staff	1 662 256	1 575 701
Pension	4 725 724	4 480 247
Senior Management	89 411	86 148
Municipal Staff	4 636 313	4 394 098
Unemployment Insurance	178 369	184 349
Senior Management	5 354	4 908
Municipal Staff	173 015	179 441
Post-retirement Benefit		
Current Service Cost	872 290	850 877
Senior Management	111 401	117 180
Municipal Staff	760 889	733 697
Interest Cost	3 076 218	2 949 572
Senior Management	99 046	92 337
Municipal Staff	2 977 172	2 857 235
Actuarial Gains and Losses	(2 450 906)	(1 095 144)
Senior Management	(35 697)	(153 675)
Municipal Staff	(2 415 209)	(941 469)
Leave Gratuity	320 932	535 964
Long Term Service Awards	846 420	515 135
Total Employee Related Costs	46 818 423	47 288 331

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	R	R
Remuneration of Section 57 Employees:		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	266 206	1 102 500
Acting Allowance	265 348	
Bonus	-	-
Performance Bonus	231 781	221 131
Car, Cellphone and Housing Allowance	63 375	680 427
Company Contributions to Medical and Pension Funds	76 578	18 253
Total	903 288	2 022 311

The post was vacant for the period 01 July 2017 to 30 June 2018. Acting Allowances were paid for the period.

<i>Remuneration of Director: Financial Services</i>		
Annual Remuneration	531 729	577 839
Scarce Skills Allowance	80 726	
Performance Bonus	118 570	108 988
Car, Cellphone and Housing Allowance	381 961	364 851
Company Contributions to Medical and Pension Funds	46 807	55 655
Total	1 159 793	1 107 332

<i>Remuneration of the Director: Corporate Services</i>		
Annual Remuneration	496 728	478 602
Acting Allowance	-	48 545
Performance Bonus	124 546	116 633
Car, Cellphone and Housing Allowance	449 179	419 294
Company Contributions to Medical and Pension Funds	136 218	143 640
Total	1 206 671	1 206 714

<i>Remuneration of the Director: Technical Services</i>		
Annual Remuneration	270 443	-
Acting Allowance	201 687	54 076
Car, Cellphone and Housing Allowance	171 280	-
Total	643 409	54 076

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Summary of Remuneration of Section 57 Employees:		
All Managers	3 913 161	4 390 434
Total Remuneration of Section 57 Employees	<u>3 913 161</u>	<u>4 390 434</u>

The following compensation was payable to key management personnel in terms of GRAP 25 as at 30 June:

Staff Leave Benefits:-

Municipal Manager	-	93 840
Director: Financial Services	55 368	66 085
Director: Technical Services	68 501	110 592
Director: Corporate Services	36 035	42 721
Total	<u>159 904</u>	<u>313 238</u>

22 REMUNERATION OF COUNCILLORS

Executive Mayor	795 913	735 630
Speaker	639 258	625 596
Executive Committee	1 939 944	1 541 314
Total for All Other Councillors	352 926	287 592
Total Councillors' Remuneration	<u>3 728 041</u>	<u>3 190 132</u>

Remuneration of Councillors:

In-kind Benefits

The Councillors occupying the positions of Executive Mayor and Speaker serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

The Executive Mayor has use of a Council owned vehicle for official duties.

Refer to Appendix G for more detail.

23 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	594 510	528 973
Amortisation: Intangible Assets	38 039	59 798
Total Depreciation and Amortisation	<u>632 550</u>	<u>588 771</u>

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
23.1 Depreciation: Property, Plant and Equipment		
Other Assets	82 240	82 240
Computer Equipment	236 178	258 835
Furniture and Office Equipment	114 114	109 178
Machinery and Equipment	17 499	17 666
Transport Assets	144 479	61 053
	594 510	528 973
24 IMPAIRMENT LOSSES / (GAINS)		
Impairment Losses / (Gains) on Financial Assets	(204 255)	377 744
Total Impairment Losses	(204 255)	377 744
24.1 Impairment Losses on Financial Assets		
Impairment Losses	91 289	360 188
Trade and Other Receivables from Exchange Transactions	89 472	291 259
Long Term Receivables	1 817	68 930
Reversal of Impairment Losses	(295 545)	-
Trade and Other Receivables from Exchange Transactions	(223 848)	-
Long Term Receivables	(71 696)	-
Impairment Losses Recognised (written off during the current year):	-	17 555
Trade and Other Receivables from Exchange Transactions	-	17 555
Long Term Receivables	-	-
	(204 255)	377 744
25 INTEREST, DIVIDENDS AND RENT ON LAND PAID		
Interest Paid	-	5 132
Borrowings	-	5 132
Total Interest Expense	-	5 132
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Interest, Dividends and Rent on Land	-	5 132

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
26 CONTRACTED SERVICES		
Outsourced Services	1 095 556	1 146 791
Consultants and Professional Services	1 320 978	2 485 827
Contractors	1 353 677	1 076 949
Total Contracted Services	3 770 211	4 709 566
43.1 Outsourced Services		
Business and Advisory	138 030	34 671
Clearing and Grass Cutting Services	710 188	1 112 120
Fire Services	58 610	-
	1 095 556	1 146 791
43.2 Consultants and Professional Services		
Business and Advisory	9 956	769 312
Infrastructure and Planning	1 292 016	1 629 612
Legal Cost	19 005	86 902
	1 320 978	2 485 827
43.3 Contractors		
Graphic Designers	21 589	18 150
Maintenance of Buildings and Facilities	246 055	56 470
Other Assets: Operational Buildings	246 055	56 470
Maintenance of Equipment	201 398	255 251
Furniture and Office Equipment	89 601	203 977
Transport Assets	111 796	51 274
Maintenance of Unspecified Assets	870 635	747 078
Intangible Assets	870 635	747 078
Sewerage Services	10 000	-
Stage and Sound Crew	4 000	-
	1 353 677	1 076 949
27 INVENTORY CONSUMED		
Consumables	193 972	181 452
Materials and Supplies	94 098	148 936
	288 070	330 388
28 TRANSFERS AND SUBSIDIES PAID		
Operational Grants	96 345	36 389
Allocations In-kind	96 345	36 389
Total Transfers and Subsidies Paid	96 345	36 389

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

28.1 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2018	2017	2018	2017
Households	96 345	36 389	-	-
Total Operational Grants Paid	96 345	36 389	(1)	-
			2018	2017
			R	R

29 OPERATING LEASES

Other Assets	577 575	555 537
Total for Operating Leases	577 575	555 537

30 OPERATIONAL COSTS

Included in Operational Costs are the following:

Achievements and Awards	55 822	57 814
Advertising, Publicity and Marketing	148 379	73 853
External Audit Fees	2 201 514	2 553 658
Bank Charges, Facility and Card Fees	79 584	70 569
Courier and Delivery Services	283	9 869
Communication	1 106 478	1 171 631
Entertainment	190 562	172 537
External Computer Service	677 889	306 575
Insurance Underwriting	146 784	298 470
Learnerships and Internships	135 099	323 312
Licences	8 675	31 568
Municipal Services	631 708	612 582
Registration Fees	13 646	8 000
Professional Bodies, Membership and Subscription	544 143	513 900
Skills Development Fund Levy	446 698	410 768
Toll Gate Fees	396	-
Transport Provided as Part of Departmental Activities	177 700	28 900
Travel and Subsistence	2 145 210	2 384 155
Uniform and Protective Clothing	45 832	-
Vehicle Tracking	10 000	-
Wet Fuel	400 883	267 164
Workmen's Compensation Fund	217 785	243 521
Samples and Specimens	2 114	-
Hire Charges	650	-
Entrance Fees	41 664	38 249
Total Operational Costs	9 429 497	9 577 094

45.3 Travel and Subsistence

Domestic	2 145 210	2 384 155
Accommodation, Daily Allowance & Incidental Cost	1 040 193	1 348 115
Transport without Operator	1 105 017	1 036 040
	2 145 210	2 384 155

No other extra-ordinary expenses were incurred.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
31 GAINS / (LOSSES) ON DISPOSAL OF CAPITAL ASSETS		
Gains/(Losses) on disposal of Property, Plant and Equipment	-	(1 762)
Gains/(Losses) on write-offs of Property, Plant and Equipment	(8 910)	(21 304)
Gains/(Losses) on write-offs of Intangible Assets	180	-
Total Gains / (Losses) on Disposal of Capital Assets	(8 730)	(23 066)
Total Gains on Disposal of Capital Assets	180	-
Total Losses on Disposal of Capital Assets	8 910	23 066

32 CORRECTION OF ERROR

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

The implementation of MSCOA as stated above resulted in certain descriptions and figures being restated.

Other corrections were also made during the previous financial years. Details of the corrections are described below:

32.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	Accumulated Surplus
Balances published as at 30 June 2016	(21 357 709)
Correction of Error:-	(2 911 798)
Correction of Trade and Other Payable Exchange Transactions: Bonus	(1 180 293)
Correction of Trade and Other Payable Exchange Transactions: Leave Accrual	(92 321)
Correction of Trade and Other Payable Exchange Transactions: Shift Workers	(1 639 184)
Restated Balances as at 30 June 2016	(24 269 507)
Transactions incurred for the Year 2016/17	(7 261 261)
Correction of Error:-	(519 053)
Reclassification of Revenue Items due to MSCOA Implementation	(1 129 710)
Reclassification of Expenditure Items due to MSCOA Implementation	1 129 710
Correction of Trade and Other Payable Exchange Transactions: Bonus	(171 641)
Correction of Trade and Other Payable Exchange Transactions: Shift Workers	(346 394)
Correction of Trade and Other Payable Exchange Transactions: Payables and Accruals	(3 784)
Correction of Trade and Other Payable Exchange Transactions: Salaries	3 153
Correction of VAT Receivable	(387)
Correction of Rental from Fixed Assets	(89 315)
Correction of Operational Cost	89 315
Restated Balances as at 30 June 2017	(32 049 821)

32.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality, in accordance with MSCOA and GRAP.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The effect of the Correction of Error is as follows:

	Prior Year 2016/17 Audited	MSCOA Reclassification	MSCOA Restated Amount	Correction of Error	Restated Amount 2016/17
Actuarial Gains on Employee Benefits	1 129 710	(1 129 710)	-	-	-
Transfers and Subsidies	57 621 270	-	57 621 270	-	57 621 270
Rental from Fixed Assets	7 385	89 315	96 700	(89 315)	7 385
Interest, Dividends & Rent on Land Exchange	-	728 210	728 210	-	728 210
Interest Earned - External Investments	725 580	(725 580)	-	-	-
Interest Earned - Outstanding Debtors	2 630	(2 630)	-	-	-
Other Income	631 521	(631 521)	-	-	-
Operational Revenue	-	542 206	542 206	2 766	544 972
	60 118 096	(1 129 710)	58 988 386	(86 549)	58 901 837

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

Actuarial Gains on Employee Benefits:

The **prior year amounts** for *Actuarial Gains on Employee Benefits* (R1 129 710) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Employee Related Cost*.

Rental from Fixed Assets:

The **prior year amounts** for *Rental from Fixed Assets* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and includes *Internal Rental for Vehicles* (R89 315) previously classified as *Other Income*.

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly recorded rental income from council vehicles as Rental from Fixed Assets on 30 June 2017. Therefore *Rental from Fixed Assets* was retrospectively decreased by R89 315 and *Operational Cost* was decreased by R89 315 on 30 June 2017.

Interest, Dividends and Rent on Land:

The **prior year amounts** for *Interest, Dividends and Rent on Land* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and includes both *Interest Earned - External Investments* (R725 580) and *Interest Earned - Outstanding Debtors* (R2 630).

Interest Earned - External Investments:

The **prior year amounts** for *Interest Earned - External Investments* (R725 580) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Interest, Dividends and Rent on Land*.

Interest Earned - Outstanding Debtors:

The **prior year amounts** for *Interest Earned - Outstanding Debtors* (R2 630) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Interest, Dividends and Rent on Land*.

Other Income:

The **prior year amounts** for *Other Income* (Admin Revenue: R391 292, Insurance Commission: R29 736, Monies Sundry: R121 178) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Revenue*.

The **prior year amounts** for *Other Income* (Internal Rental for Vehicles: R89 315) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Rental of Fixed Assets*.

Operational Revenue:

The **prior year amounts** for *Other Income* (Admin Revenue: R391 292, Insurance Commission: R29 736, Monies Sundry: R121 178) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Revenue*.

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not recognise Payroll Commission as Operational Revenue on 30 June 2017. Therefore *Operational Revenue* was retrospectively increased by R2 766, *VAT Receivables* were decreased by R387 and Trade and *Other Payable Exchange Transactions* were decreased by R3 153 on 30 June 2017.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

32.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2016/17 Audited	MSCOA Reclassification	MSCOA Restated Amount	Correction of Error	Restated Amount 2016/17
Employee Related Costs	48 248 117	(1 477 821)	46 770 296	518 034	47 288 331
Remuneration of Councillors	3 228 951	(38 819)	3 190 132	-	3 190 132
Depreciation and Amortisation	588 771	-	588 771	-	588 771
Impairment Losses	377 744	-	377 744	-	377 744
Finance Charges - External Funding	5 163	(5 163)	-	-	-
Interest, Dividends and Rent on Land	-	5 132	5 132	-	5 132
Contracted Services	4 046 692	605 391	4 652 082	57 484	4 709 566
Inventory Consumed	-	330 388	330 388	-	330 388
Transfers and Subsidies Paid	-	36 389	36 389	-	36 389
Operating Leases	-	555 537	555 537	-	555 537
General expenses	10 860 853	(10 860 853)	-	-	-
Operational Costs	-	9 720 109	9 720 109	(143 015)	9 577 094
Loss on Disposal of PPE	23 066	-	23 066	-	23 066
	67 379 357	(1 129 710)	66 249 647	432 503	66 682 151

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

Employee Related Costs:

The **prior year amounts** for *Actuarial Gains on Employee Benefits* (-R1 129 710) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Employee Related Cost*.

The **prior year amounts** for *Employee Related Costs* (SDL: R381 968) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Cost*.

The **prior year amounts** for *General Expenditures* (Fruitless Expenditures: R23 837) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Employee Related Cost*.

The **prior year amounts** for *Remuneration of Councillors* (UIF: R10 019) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Employee Related Cost*.

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not provide for Annual Bonuses as Trade and Other Payable Exchange Transactions on 30 June 2016 and on 30 June 2016. Therefore *Trade and Other Payable Exchange Transactions* were retrospectively increased by R171 641 (2016: R1 180 293) and *Employee Related Costs* was increased by R171 641 on 30 June 2017 (2016: R1 180 293).

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly remunerated shift workers from October 2013 until 30 June 2017. Therefore *Trade and Other Payable Exchange Transactions* were retrospectively increased by R346 394 (2016: R1 639 184) and *Employee Related Costs* were increased by R346 394 on 30 June 2017 (2016: R1 639 184).

Remuneration of Councillors:

The **prior year amounts** for *Remuneration of Councillors* (SDL: R28 800) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Cost*.

The **prior year amounts** for *Remuneration of Councillors* (UIF: R10 019) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Employee Related Cost*.

Finance Charges - External Funding:

The **prior year amounts** for *Finance Charges - External Funding* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Costs* (Fleet card charges: R32) and *Interest, Dividends and Rent on Land* (Loans: R5 132).

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Interest, Dividends and Rent on Land:

The **prior year amounts** for *Interest, Dividends and Rent on Land* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and includes transactions previously classified as *Finance Charges - External Funding* (Loans: R5 132).

Contracted Services:

The **prior year amounts** for *Contracted Services* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Costs* (External Computer Charges: R53 700).

The **prior year amounts** for *General Expenditures (R659 091)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Contracted Services*.

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not recognise a sitting allowance in May 2017 as Trade and Other Payable Exchange Transactions on 30 June 2017. Therefore *Trade and Other Payable Exchange Transactions* were retrospectively increased by R3 784 and *Contracted Services* were increased by R3 784 on 30 June 2017.

Inventory Consumed:

The **prior year amounts** for *General Expenditures (R330 388)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Inventory Consumed*.

Transfers and Subsidies Paid:

The **prior year amounts** for *General Expenditures (R36 389)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Transfers and Subsidies Paid*.

Operating Leases:

The **prior year amounts** for *General Expenditures (Rental of Assets: R555 537)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operating Leases*.

General expenses:

The **prior year amounts** for *General Expenditures (R330 388)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Inventory Consumed*.

The **prior year amounts** for *General Expenditures (Rental of Assets: R555 537)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operating Leases*.

The **prior year amounts** for *General Expenditures (Fruitless Expenditures: R23 837)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Employee Related Cost*.

The **prior year amounts** for *General Expenditures (Various line items: R9 226 709)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Costs*.

The **prior year amounts** for *General Expenditures (Various line items: R9 255 609)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Costs*.

The **prior year amounts** for *General Expenditures (R36 389)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Transfers and Subsidies Paid*.

The **prior year amounts** for *General Expenditures (R659 091)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Contracted Services*.

Operational Costs:

The prior year amounts for Employee Related Costs (SDL: R381 968) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Cost*.

The **prior year amounts** for *Remuneration of Councillors (SDL: R28 800)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Cost*.

The **prior year amounts** for *Finance Charges - External Funding* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Costs* (Fleet card charges: R32).

The **prior year amounts** for *Contracted Services* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Costs* (External Computer Charges: R53 700).

The **prior year amounts** for *General Expenditures (Various line items: R9 255 609)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Operational Costs*.

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly recorded rental income from council vehicles as Rental from Fixed Assets on 30 June 2017. Therefore *Rental from Fixed Assets* was retrospectively decreased by R89 315 and *Operational Cost* was decreased by R89 315 on 30 June 2017.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

32.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2016/17 Audited	MSCOA Reclassification	MSCOA Restated Amount	Correction of Error	Restated Amount 2016/17
Current Assets					
Receivables from Exchange Transactions	143 689	-	143 689	-	143 689
Receivables from Non-exchange Transaction:	114 502	-	114 502	-	114 502
VAT Receivable	274 761	-	274 761	(387)	274 374
Cash and Cash Equivalents	288 868	-	288 868	-	288 868
Current Portion of Long-term Receivables	170 108	3 600	173 708	-	173 708
Current Portion of Finance Lease Receivables	3 600	(3 600)	-	-	-
Non-Current Assets					
Property, Plant and Equipment	21 592 485	-	21 592 485	-	21 592 485
Intangible Assets	198 994	-	198 994	-	198 994
Long-term Receivables	83 960	15 282	99 242	-	99 242
Finance Lease Receivables	15 282	(15 282)	-	-	-
Current Liabilities					
Provisions	2 563 410	-	2 563 410	-	2 563 410
Payables from Exchange Transactions	9 063 639	-	9 063 639	3 430 464	12 494 103
Payables from Non-exchange Transactions	-	151 691	151 691	-	151 691
Unspent Conditional Grants and Receipts	5 104 128	-	5 104 128	-	5 104 128
Taxes and Transfers Payable	151 691	(151 691)	-	-	-
Operating Lease Liabilities	30 853	(30 853)	-	-	-
Non-Current Liabilities					
Long-Term Liabilities	-	30 853	30 853	-	30 853
Retirement Benefit Liabilities	-	34 591 498	34 591 498	-	34 591 498
Employee Benefits	34 591 498	(34 591 498)	-	-	-
Net Assets					
Accumulated Surplus / (Deficit)	(28 618 970)	-	(28 618 970)	(3 430 851)	(32 049 821)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

Current Portion of Long-term Receivables:

The **prior year amounts** for *Current Portion of Long-Term Receivables (R3 600)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and includes transactions previously classified as *Current Portion of Finance Lease Receivables*.

Current Portion of Finance Lease Receivables:

The **prior year amounts** for *Current Portion of Finance Lease Receivables (R3 600)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Current Portion of Long Term Receivables*.

Long-term Receivables:

The **prior year amounts** for *Long-Term Receivables (R15 282)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and includes transactions previously classified as *Finance Lease Receivables*.

Finance Lease Receivables:

The **prior year amounts** for *Finance Lease Receivables (R15 282)* have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Long Term Receivables*.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Payables from Exchange Transactions:

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not recognise Payroll Commission as Operational Revenue on 30 June 2017. Therefore *Operation Revenue* was retrospectively increased by R2 766, *VAT Receivables* were decreased by R387 and *Trade and Other Payable Exchange Transactions* were decreased by R3 153 on 30 June 2017.

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not provide for Annual Bonuses as Trade and Other Payable Exchange Transactions on 30 June 2016 and on 30 June 2016. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R171 641 (2016: R1 180 293) and Employee Related Costs were increased by R171 641 on 30 June 2017 (2016: R1 180 293).

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly remunerated shift workers from October 2013 until 30 June 2017. Therefore *Trade and Other Payable Exchange Transactions* were retrospectively increased by R346 394 (2016: R1 639 184) and *Employee Related Costs* were increased by R346 394 on 30 June 2017 (2016: R1 639 184).

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not recognise a sitting allowance in May 2017 as Trade and Other Payable Exchange Transactions on 30 June 2017. Therefore *Trade and Other Payable Exchange Transactions* were retrospectively increased by R3 784 and *Contracted Services* were increased by R3 784 on 30 June 2017.

During the preparation of the 2017/18 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly disclosed the leave accrual balance for 2 employees as at 30 June 2017. Therefore *Trade and Other Payable Exchange Transactions* were retrospectively increased by R92 321 and *Employee Related Costs* were increased by R92 321 on 30 June 2017.

Payables from Non-exchange Transactions:

The **prior year amounts** for *Payables from Non-Exchange Transactions* (R151 691) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and includes transactions previously classified as *Taxes and Transfers Payable*.

Taxes and Transfers Payable:

The prior year amounts for *Taxes and Transfers Payable* (R151 691) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Payables from Non-Exchange Transactions*.

Operating Lease Liabilities:

The **prior year amounts** for *Operating Lease Liabilities* (R30 853) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Long Term Liabilities*.

Long-Term Liabilities:

The **prior year amounts** for *Long Term Liabilities* (R30 853) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and includes transactions previously classified as *Operating Lease Liabilities*.

Retirement Benefit Liabilities:

The **prior year amounts** for *Retirement Benefit Liabilities* (R3 459 1498) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and includes transactions previously classified as *Employee Benefits*.

Employee Benefits:

The **prior year amounts** for *Employee Benefits* (R3 459 1498) have been restated to correctly disclose the nature of the transaction in terms of MSCOA, and has been reclassified to *Retirement Benefit Liabilities*.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
33 CHANGE IN ACCOUNTING ESTIMATES		
33.1 Depreciation Expenditure:		
The estimated useful lives and depreciation method were reviewed at 30 June 2018 and no changes were made for the 2017/18 financial year.		
Adjustments were made to the remaining useful lives and residual values in the current year and affected the amount of depreciation for the 2017/18 financial year. The adjustments are as follows:		
Increase / (Decrease) in Depreciation due to adjustments to Residual Values of PPE	-	-
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of PPE	3 158	(45 429)
Increase / (Decrease) in Depreciation of PPE	3 158	(45 429)
Depreciation as previously stated	629 392	634 200
Adjustment due to Change in Accounting Estimate	3 158	(45 429)
Depreciation as per Note 23	632 550	588 771
34 CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	(607 713)	(7 780 314)
Adjustment for:		
Depreciation and Amortisation	632 550	588 771
Losses / (Gains) on Disposal of Property, Plant and Equipment	8 910	23 066
Losses / (Gains) on Disposal of Intangible Assets	(180)	-
Contribution to Post-retirement Employee Benefits	1 497 602	2 705 305
Expenditure incurred from Post-retirement Employee Benefits	(1 562 757)	(1 789 252)
Contribution to Long Service Awards Liability	846 420	515 135
Expenditure incurred from Long Service Awards Liability	(451 003)	(247 722)
Contribution to Provisions - Current: Performance Bonus	450 545	439 305
Expenditure incurred from Provisions - Current: Performance Bonus	(473 897)	(446 752)
Contribution to Impairment Provision - Receivables from Exchange Transactions	(134 376)	291 259
Contribution to Impairment Provision - Long-term Receivables	(69 879)	68 930
Bad Debts Written-off: Receivables from Exchange Transactions	-	17 555
Operating surplus before working capital changes	136 220	(5 614 714)
Decrease/(Increase) in Receivables from Exchange Transactions	117 284	598 617
Decrease/(Increase) in Receivables from Non-exchange Transactions	102 552	(114 502)
Decrease/(Increase) in VAT Receivable	(205 091)	(274 374)
Decrease/(Increase) in Current Portion of Long-term Receivables	82 723	(6 126)
Increase/(Decrease) in Payables from Exchange Transactions	3 606 084	4 072 475
Increase/(Decrease) in Payables from Non-exchange Transactions	(95 110)	128 237
Increase/(Decrease) in Conditional Grants and Receipts	(3 440 842)	(438 768)
Increase/(Decrease) in VAT Payable	-	(102 200)
Increase/(Decrease) in Operating Lease Liabilities	(30 853)	(20 547)
Cash generated by / (utilised in) Operations	272 968	(1 771 901)

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
35.1 Unauthorised Expenditure		
Reconciliation of Unauthorised Expenditure:		
Opening balance	5 189 818	1 316 133
Unauthorised Expenditure current year	-	3 873 685
Approved by Council or condoned	(5 189 818)	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	<u>-</u>	<u>5 189 818</u>

Incident	Disciplinary Steps / Criminal Proceedings	Amount R
Budgeted Expenditure votes exceeded: R0 (2017: R3 873 685)		
- Executive and Council - R0 (2017: R164 320)	2017/18: None incurred 2016/17: Investigated and written off by Council during 2017/18	-
- Finance and Administration - R0 (2017: R3 668 005)	2017/18: None incurred 2016/17: Investigated and written off by Council during 2017/18	-
- Planning and Development - R0 (2017: R41 359)	2017/18: None incurred 2016/17: Investigated and written off by Council during 2017/18	-
Total:		<u>-</u>

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZFM District Municipality has investigated all unauthorised expenditures. Each instance and reason for the items that lead to unauthorised expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these unauthorised expenditures and must be written off during the 2017/18 financial year.

	2018 R	2017 R
35.2 Fruitless and Wasteful Expenditure		
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	215 367	191 530
Fruitless and Wasteful Expenditure current year	11 950	34 651
Expenditure investigated and approved by Council	(148 701)	-
To be recovered – Receivables from Exchange Transactions (refer Note 2.)	-	(1 555)
To be recovered – Long-term Receivables (refer Note 9)	(10 623)	(8 705)
Recouped from Salaries Payable	-	(553)
Fruitless and Wasteful Expenditure awaiting condonement	<u>67 993</u>	<u>215 367</u>

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Incident	Disciplinary Steps / Criminal Proceedings	Amount R
During 2017/18 financial year it was noted that debit orders were deducted from our primary bank account and the bank was informed but the money was not recovered yet. This was reported as fraud and the investigation is still in progress.	Awaiting investigation report	11 950
Excess salary paid to A. Pokwana for maternity leave. - R0 (2017: R10 623)	2017/18: None incurred 2016/17: To be recovered during 2017/18 - Long-term Receivables (refer Note 9)	-
Acting allowance incorrectly paid to T. Job. - R0 (2017: R1 555)	2017/18: None incurred 2016/17: Fully recouped during 2017/18	-
Acting allowance incorrectly paid to A. Phete. - R0 (2017: R8 705)	2017/18: None incurred 2016/17: To be recovered - Long-term Receivables (refer Note 9)	-
Acting allowance incorrectly paid to D. van Rooi and J Moko. A. - R0 (2017: R553)	2017/18: None incurred 2016/17: Fully recouped during 2017/18	-
Double payment of Contract Worker (N. Julius) on 11 March 2016. - R0 (2017: R2 500)	2017/18: None incurred 2016/17: Investigated and written off by Council during 2017/18	-
Double payment of Resigned Employee (G. Kaffer) on 24 January 2016. - R0 (2017: R10 714)	2017/18: None incurred 2016/17: Investigated and written off by Council during 2017/18	-
Total:		11 950

Outstanding Fruitless and Wasteful Expenditure relating to 2014/15 financial year:

Payment into incorrect bank account (R56 043):

Documentation was received by ZFM to change the banking details of Usentra (Edms) Bpk but ZFM did not confirm this with Usentra (Edms) Bpk. Usentra (Edms) Bpk informed ZFM that they did not receive the rental for April 2015. After investigation by ZFM it was evident that the documentation received by ZFM was fabricated and that the money was paid to another person's bank account and withdrawn by the person on the same day. This was reported to the South African Police Services for further investigation.

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZFM District Municipality has investigated all fruitless and wasteful expenditures. Each instance and reason for the items that lead to fruitless and wasteful expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these fruitless and wasteful expenditures and must be written off during the 2017/18 financial year.

35.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

	2018 R	2017 R
Opening balance	4 328 996	4 328 996
Irregular Expenditure current year	684 494	-
Condoned or written off by Council	(4 328 996)	-
Transfer to receivables for recovery (see Note 3)	-	-
Irregular Expenditure awaiting condonement	<u>684 494</u>	<u>4 328 996</u>

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Irregular Expenditure summary for 2017/18 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - RL Mjethu: Irregular acting period as Municipal Manager from October 2017 to January 2018.	Awaiting approval as per section 56(1)(c) of the Municipal Systems Act	544 666
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Director: Municipal Support Services from October 2017 to March 2018.	Awaiting approval as per section 56(1)(c) of the Municipal Systems Act	139 828
Total:		684 494

There was no Irregular Expenditure for the 2016/17 financial year.

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZFM District Municipality has investigated all irregular expenditures. Each instance and reason for the items that lead to irregular expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these irregular expenditure and must be written off during the 2017/18 financial year.

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

36.1 Contributions to organised local government - SALGA

	2018 R	2017 R
Opening Balance	-	-
Council Subscriptions	(500 000)	(500 000)
Amount Paid - current year	500 000	500 000
Amount Paid - previous years	-	-
Balance Unpaid (included in Payables from Exchange Transactions)	-	-

36.2 Audit Fees

	2018 R	2017 R
Opening Balance	-	-
Current year Audit Fee	(2 499 873)	(2 553 658)
Amount Paid - current year	-	2 553 658
Amount Paid - previous years	-	-
Balance Unpaid (included in Payables from Exchange Transactions)	(2 499 873)	-

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

36.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

36.4 PAYE, Skills Development Levy and UIF

	2018 R	2017 R
Opening Balance	1 342 071	667 418
Current year Payroll Deductions	8 484 137	7 629 876
Amount Paid - current year	(7 011 541)	(6 287 805)
Amount Paid - previous years	(1 342 071)	(667 418)

Balance Unpaid (included in Payables from Exchange Transactions)	1 472 597	1 342 071
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Balance Unpaid - May	655 227	675 409
Balance Unpaid - June	817 370	666 662

Balance Unpaid (included in Payables from Exchange Transactions)	1 472 597	1 342 071
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36.5 Pension and Medical Aid Deductions

Opening Balance	809 507	728 351
Current year Payroll Deductions and Council Contributions	10 440 427	9 581 541
Amount Paid - current year	(9 578 838)	(8 772 034)
Amount Paid - previous years	(809 507)	(728 351)

Balance Unpaid (included in Payables from Exchange Transactions)	861 589	809 507
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The unpaid balance refer to June month's outstanding balance and is payable before 7 July.

36.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

36.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

36.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

Deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were submitted to Council quarterly, which condoned the various cases.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Successful Tenderer	Occasions	Reason	Amount
EXECUTIVE AND COUNCIL	Various	11	Impractical for procurement processes	39 157
	Various	8	Single provider only	167 045
19 Occasions during the year amounts to R206 202				
FINANCE AND ADMINISTRATION	Various	10	Impractical for procurement processes	128 647
	Various	25	Single provider only	459 460
35 Occasions during the year amounts to R588 107				
PLANNING AND DEVELOPMENT	Various	2	Single provider only	1 250
2 Occasions during the year amounts to R1 250				
ENVIRONMENTAL HEALTH	Various	2	Single provider only	2 399
2 Occasions during the year amounts to R2 399				
OTHER: TOURISM	Freedom Trade	1	Emergency	19 850
	African Travel	1	Single provider only	40 544
2 Occasions during the year amounts to R60 394				
Total:				858 352

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

36.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

The Electricity and Water functions were transferred to the local municipalities. Thus no material Electricity and Water Losses occurred.

	2018 R	2017 R
37 COMMITMENTS FOR EXPENDITURE		
37.1 Capital Commitments		
The municipality had no capital commitments at year-end.		
37.2 Other Commitments		
- Approved and Contracted for:-	590 178	3 732 648
General Voice Equipment	590 178	1 136 497
Office Space Rentals	-	404 605
Insurance Contract	-	203 985
Rural Roads Asset Manage Systems	-	1 085 489
Cleaning Project	-	266 130
mSCOA Implementation	-	335 498
Outstanding orders	-	300 445
- Approved but Not Yet Contracted for:-	-	-
Other	-	-
Total Capital Commitments	590 178	3 732 648
This expenditure will be financed from:		
Government Grants	-	1 687 116
Own Resources	590 178	2 045 532
	590 178	3 732 648

General Voice Equipment:

The Municipality has an agreement with URB Klank & Beeld to rent and maintenance a telephone system from 1 August 2014 to 31 July 2019. There are no annual escalations and the total tender value of R2 727 600 (incl. VAT) was awarded in February 2014 .

On 30 June 2018 the outstanding commitment to URB Klank and Beeld was R590 178 (incl. VAT). URB Klank & Beeld was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Office Space Rentals:

The Municipality has a lease agreement with Ancorley Gebou (Edms) Bpk to rent office space from 1 February 2015 to 31 January 2018. There are annual escalations which are included in the total tender value of R1 900 638 (incl. VAT). The tender was awarded in July 2014 .

On 30 June 2018 the outstanding commitment to Ancorley Gebou (Edms) Bpk was R0 (incl. VAT). Ancorley Gebou (Edms) Bpk was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Insurance Contract:

The Municipality has a contract with AON to insure all municipal assets from 1 July 2015 to 30 June 2018. There are annual escalations which are included in the total tender value of R734 219 (incl. VAT). The tender was awarded in June 2015 .

On 30 June 2018 the outstanding commitment to AON was R0 (incl. VAT). AON was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Rural Roads Asset Manage Systems:

The Municipality has awarded a tender to Royal Haksoning to render implementation and management of the rural roads assets for the 2015/16 and 2016/17 financial years as per Government Gazette. There are no annual escalations and the total tender value of R4 067 976 (incl. VAT) was awarded in April 2016 . A variation order of R526 777 was approved Council which increased the tender value to R4 594 753 (incl. VAT).

On 30 June 2018 the outstanding commitment to Royal Haksoning was R0 (incl. VAT). Royal Haksoning was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Cleaning Project

The Municipality had an agreement with Ivina Holdings (Pty) Ltd during 2016/17 financial year to clean solid waste at Kheis Local Municipality. There are no annual escalations and the total tender value of R695 726 (incl. VAT) was awarded in February 2017.

On 30 June 2018 the outstanding commitment to Ivina Holdings (Pty) Ltd was R0 (incl. VAT). Ivina Holdings (Pty) Ltd was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

mSCOA Implementation

The Municipality had an agreement with Bytes Universal Systems to implement a mSCOA system during 2016/17 and 2017/18 financial year. There are no annual escalations and the total tender value of R587 207 (incl. VAT) was awarded in February 2017 and the total tender value of R450 000 (incl. VAT) was awarded in May 2017.

On 30 June 2018 the outstanding commitment to Bytes Universal Systems was R0 (incl. VAT). Bytes Universal Systems was appointed through the NT Transversal Tender RT-25 process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Outstanding Orders:

The Municipality has no outstanding orders at year-end for services and goods not yet delivered. Therefore the municipality has no commitment with suppliers to render services or goods after year-end.

		2018 R	2017 R
38 FINANCIAL INSTRUMENTS			
38.1 Classification			
FINANCIAL ASSETS:			
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:			
<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables			
Finance Lease Receivable	Amortised cost	14 304	15 282
Staff Related Long Term Receivables	Amortised cost	17 191	83 960
Staff Related - Employee PAYE Debtors	Amortised cost	-	44 095
Staff Related - Performance Bonus Debtors	Amortised cost	6 860	34 303
Staff Related - Maternity Leave Debtors	Amortised cost	7 428	-
Staff Related - Acting Allowance Debtors	Amortised cost	2 902	5 562
Receivables from Exchange Transactions			
Merchandising, Jobbing and Contracts	Amortised cost	127 781	110 689
Prepayments and Advances	Amortised cost	33 000	33 000
Receivables from Non-exchange Transactions			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Amortised cost	11 950	-
Accrued Income	Amortised cost	-	114 502
Cash and Cash Equivalents			
Call Deposits	Amortised cost	526	513
Bank Balances	Amortised cost	635 875	287 870
Cash Floats and Advances	Fair value	8 976	485
Current Portion of Long-term Receivables			
Finance Lease Receivable	Amortised cost	3 600	3 600
Staff Related Long Term Receivables	Amortised cost	87 386	170 108
Employee PAYE Debtors	Amortised cost	53 946	93 830
Performance Bonus Debtors	Amortised cost	27 443	73 377
Maternity Leave Debtors	Amortised cost	3 095	0
Acting Allowance Debtors	Amortised cost	2 902	2 902

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
		R	R
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Long-term Receivables	Finance Lease Receivable	14 304	15 282
Long-term Receivables	Staff Related Long Term Receivables	17 191	83 960
Receivables from Exchange Transactions	Property Rental Debtors	127 781	110 689
Receivables from Exchange Transactions	Prepayments and Advances	33 000	33 000
Receivables from Non-exchange Transactions	Unauthorised, Irregular, Fruitless and	11 950	-
Receivables from Non-exchange Transactions	Accrued Income	-	114 502
Current Portion of Long-term Receivables	Finance Lease Receivable	3 600	3 600
Cash and Cash Equivalents	Call Deposits	526	513
Cash and Cash Equivalents	Bank Balances	635 875	287 870
		<u>931 612</u>	<u>819 524</u>
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	8 976	485
		<u>8 976</u>	<u>485</u>
Total Financial Assets		<u>940 588</u>	<u>820 009</u>

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
Payables from Exchange Transactions			
Advance Payments	Amortised cost	2 958 558	1 644 586
Bonus	Amortised cost	1 406 783	1 351 934
Leave Accrual	Amortised cost	2 413 056	2 319 065
Other Payables: Salary Clearing and Control	Amortised cost	826 678	957 775
Retentions	Amortised cost	-	297 476
Salary Related Payables	Amortised cost	2 941 985	3 954 201
Trade Creditors	Amortised cost	5 553 128	1 969 067
Payables from Non-exchange Transactions			
Transfers and subsidies	Amortised cost	56 581	151 691

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Advance Payments	2 958 558	1 644 586
Payables from Exchange Transactions	Bonus	1 406 783	1 351 934
Payables from Exchange Transactions	Leave Accrual	2 413 056	2 319 065
Payables from Exchange Transactions	Other Payables	826 678	957 775
Payables from Exchange Transactions	Retentions	-	297 476
Payables from Exchange Transactions	Salary Related Payables	2 941 985	3 954 201
Payables from Exchange Transactions	Trade Creditors	5 553 128	1 969 067
Payables from Non-exchange Transactions	Transfers and subsidies	56 581	151 691
		<u>16 156 768</u>	<u>12 645 794</u>
Total Financial Liabilities		<u>16 156 768</u>	<u>12 645 794</u>

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

38.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2018, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2018		30 June 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	R	R	R	R
FINANCIAL ASSETS				
Measured at Amortised Cost:	931 612	931 612	819 524	819 524
Call Deposits	526	526	513	513
Bank Balances	635 875	635 875	287 870	287 870
Long-term Receivables	31 495	31 495	99 242	99 242
Trade Receivables from Exchange Transactions	160 781	160 781	143 689	143 689
Trade Receivables from Non-exchange Transactions	11 950	11 950	114 502	114 502
Current Portion of Long-term Receivables	90 986	90 986	173 708	173 708
Measured at Fair Value	8 976	8 976	485	485
Cash and Cash Equivalents	8 976	8 976	485	485
Total Financial Assets	940 588	940 588	820 009	820 009

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018		30 June 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	R	R	R	R
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	16 156 768	16 156 768	12 645 794	12 645 794
Trade and Other Payables:				
- Payables from Exchange Transactions	16 100 187	16 100 187	12 494 103	12 494 103
- Payables from Non-exchange Transactions	56 581	56 581	151 691	151 691
Total Financial Liabilities	16 156 768	16 156 768	12 645 794	12 645 794
Total Financial Instruments	(15 216 180)	(15 216 180)	(11 825 785)	(11 825 785)
Unrecognised Gain / (Loss)		-		-

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2018

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	8 976	-	8 976
Total Financial Assets	-	8 976	-	8 976
Total Financial Instruments	-	8 976	-	8 976

30 June 2017

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	485	-	485
Total Financial Assets	-	485	-	485
Total Financial Instruments	-	485	-	485

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

38.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2017.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in the Statement of Changes in Net Assets.

Gearing Ratio

	2018 R	2017 R
The gearing ratio at the year-end was as follows:		
Debt	0	0
Cash and Cash Equivalents	(9 502)	(998)
Net Debt	<u>(9 502)</u>	<u>(998)</u>
Equity	<u>(32 657 535)</u>	<u>(32 049 821)</u>
Net debt to equity ratio	<u>0.03%</u>	<u>0.00%</u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

38.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

38.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 38.8 to the Annual Financial Statements.

38.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 38.7 below). No formal policy exists to hedge volatilities in the interest rate market.

38.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

38.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 38.8 below:

38.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors were transferred to the Local Municipalities.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

2018	2017
R	R

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	122 480	272 951
Receivables from Exchange Transactions	630 693	747 977
Receivables from Non-exchange Transactions	11 950	114 502
Bank, Cash and Cash Equivalents	645 377	288 868
Maximum Credit and Interest Risk Exposure	1 410 500	1 424 297

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

38 FINANCIAL INSTRUMENTS (Continued)

38.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note N/A C67 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2018								
Non-interest Bearing		0.00%	16 156 768	16 156 768	-	-	-	-
- Payables from Exchange transactions	11		16 100 187	16 100 187	-	-	-	-
- Payables from Non-exchange transactions	12		56 581	56 581	-	-	-	-
			16 156 768	16 156 768	-	-	-	-
30 June 2017								
Non-interest Bearing		0.00%	12 645 794	12 645 794	-	-	-	-
- Payables from Exchange transactions	11		12 494 103	12 494 103	-	-	-	-
- Payables from Exchange transactions	12		151 691	151 691	-	-	-	-
			12 645 794	12 645 794	-	-	-	-

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
30 June 2018	#	%	R	R	R	R		R
Non-interest Bearing		0.00%	650 113	650 113	-	-	-	-
- Long-term Receivables			31 495	31 495	-	-	-	-
- Trade Receivables from Exchange Transactions			597 693	597 693	-	-	-	-
- Trade Receivables from Non-exchange Transactions			11 950	11 950	-	-	-	-
- Cash and Cash Equivalents			8 976	8 976	-	-	-	-
Variable Interest Rate Instruments		2.47%	645 377	645 377	-	-	-	-
- Call Deposits		6.50%	526	526	-	-	-	-
- Petty Cash		0.12%	8 976	8 976	-	-	-	-
- Bank Account		2.50%	635 875	635 875	-	-	-	-
			1 295 491	1 295 491	-	-	-	-
30 June 2017								
Non-interest Bearing		0.00%	929 206	929 206	-	-	-	-
- Long-term Receivables			99 242	99 242	-	-	-	-
- Trade Receivables from Exchange Transactions			714 977	714 977	-	-	-	-
- Trade Receivables from Non-exchange Transactions			114 502	114 502	-	-	-	-
- Cash and Cash Equivalents			485	485	-	-	-	-
Variable Interest Rate Instruments		2.50%	288 868	288 868	-	-	-	-
- Call Deposits		6.50%	513	513	-	-	-	-
- Petty Cash		0.12%	485	485	-	-	-	-
- Bank Account		2.50%	287 870	287 870	-	-	-	-
			1 218 073	1 218 073	-	-	-	-

38.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

39 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1 562 757 (2017: R1 789 252) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2012.

Defined Benefit Scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2012 disclosed an actuarial valuation amounting to R3 014 878 (2011: R2 971 150) million, with a net accumulated deficit of R18 287 (2011: R58 935) million, with a funding level of 99.4% (2011: 104.1%).

Defined Contribution Scheme

The actuarial valuation report at 30 June 2012 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R 421 900 (2011: R386 570) million, net investment reserve of R21 231 (2011: R15 285) million and a funding level of 105.3% (2011: 104.1%).

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2012.

The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R10 775 599 and R546 059 (30 June 2011: R9 930,837 in total) million, with funding levels of 99.9% and 108% (2011: 100,3% and 116,9%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183,5 (30 June 2009: R1 123,7) million, with a funding level of 99,5% (30 June 2009: 102,0%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The deficit of R6,4 (2009: surplus R22,5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10,3 million which will result in a fully funded position.

The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

No further information could be obtained.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2016.

The net assets available for benefits were R11 980 (2008: R10 050) million.

The statutory valuation performed as at 30 June 2016 revealed that the fund had an excess of R25.283 (30 June 2015: R41.783) million, with a funding level of 100.21% (30 June 2015: 100.42%). The minimum contribution rates are 2%, 7% and 5% for category A, category B and category C members respectively, is sufficient to fund the benefits accruing from the fund in the future.

None of the above mentioned plans are State Plans.

40 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

40.1 Interest of Related Parties

Councillors and/or Management of the Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
A Vosloo	Executive Mayor	Director at Ditsa Da Ra Properties Director Khethabele Enterprise
M Moalosi	Speaker	Director at Moulouis Catering
GH Mothibi	Councillor	Director at Tsantsabane Social and Labour Development Forum Director at Northern Cape Mining Logistics and Services Director at Charofor
P Isaacs	Councillor	Director at City Park Trading 90 Director at Vandalix Director at Micromatica 563
J Lodewyk	Councillor	Director at Khoi-san Agricultural
M Bosman	Councillor	Director at Kalksloot Rural Development
	Councillor	Director at Kalksloot Bakery
M Mabilo	Councillor	Director at TCF Funeral Services Director at Mabamosa
B Bock	Councillor	Director at BM Bock Construction and community development
AK Tieties	Acting MM	Director at A and T Development
JBA Van Wyk	Middle Manager	Director at JVW Group
MMG Mnganga	Middle Manager	Director at Rehoboth MG Civil Services
H Mchlauli	Middle Manager	Director at Siyanda Theatre Laboratory
JA Kitching	Middle Manager	Director at Ablaze Trading 258
G Cloete	Middle Manager	Director at BC2S Construction Consulting and Trading Services
B Van Kradenburg	Middle Manager	Director at BMD Trading
JGM Van Wyk	Middle Manager	Director at JVW Group

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Name of Related Person	Designation	Description of Related Party Relationship
JJ Willemse	Middle Manager	Director at Brainwave Projects 1567 Director at Black Sparrow Trading
JJ Combrink	Middle Manager	Director at Tumelo Youth Farm
GS Booysen	SCM Official	Director GSNF Construction
A Van Zyl	Manager's Spouse	Director at ANSEC 133 Director at Hemiprox
K Kitching	Manager's Spouse	Director at ANSEC 133 Director at Hemiprox
N Erasmus	Audit Committee	Director at Tsama Wild Director at All4One Enterprises Director at ITR Holdings Director at Upington Rekenmeesters sentrum Director at Upington Convenience centre Director at Du Toit Van Der Heever

The following Councillors and/or Management of the Municipality was in businesses but resigned from the business:

Name of Related Person	Designation	Description of Related Party Relationship
A Vosloo	Executive Mayor	Director at White Mountain Mining Director at Kiesie Production Director Minasu Technologies Director Perspektiv HR Solutions Director at Willoo Development
MMG Mnganga	Middle Manager	Director at Mnganga Civil and Property developers
J Nengome	Middle Manager	Director at Sedzaphanda Building Construction
JJ Combrink	Middle Manager	Director at Tumelo Youth Farm
A Viljoen	Audit Committee	Director at Mora Plase Director at Fremadon Eiendomme Board member at MacDonald's Transport Director at Bergrivier admin dienste 7 Director at Summersow Investments Director at Macdonalds Group Director at Zelpy 2329 Director at Sivukile Transport Director at Zelpy 2524 Director at Vukupanda Transport Services Director at Victory parade Trading Director at Rich Rewards Trading
N Erasmus	Audit Committee	Director at Northern Cape BEE Verifications Director at Quickstep Director at CN Erasmus Boerdery

The following Councillors and/or Management of the Municipality have no relationships with businesses:

Name of Related Person	Designation	Description of Related Party Relationship
A De Bruin	Councillor	No relationship with businesses
M Mashila	Councillor	No relationship with businesses
B Bosman	Councillor	No relationship with businesses
BJ Snyders	Councillor	No relationship with businesses
S Dubeni	Councillor	No relationship with businesses
S Esau	Councillor	No relationship with businesses
WD Klim	Councillor	No relationship with businesses
JJJ Olyn	Councillor	No relationship with businesses
J Assegai	Councillor	No relationship with businesses
M Basson	Councillor	No relationship with businesses
MHB Van Zyl	Councillor	No relationship with businesses
F Witbooi	Councillor	No relationship with businesses

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Name of Related Person	Designation	Description of Related Party Relationship
DJ Van Zyl	Director	No relationship with businesses
P Beukes	Director	No relationship with businesses
JG Lategan	Director	No relationship with businesses
M Venter	Audit Committee	No relationship with businesses
GH Nieuwoudt	Audit Committee	No relationship with businesses
L Langalibalele	Audit Committee	No relationship with businesses
A Phete	Middle Manager	No relationship with businesses
E Van der Westhuizen	Middle Manager	No relationship with businesses
F Ruppig	Middle Manager	No relationship with businesses
B Feris	Middle Manager	No relationship with businesses
S Berend	Middle Manager	No relationship with businesses
B Knouwds	Middle Manager	No relationship with businesses
E Britz	Middle Manager	No relationship with businesses
M. Mathe	Middle Manager	No relationship with businesses
C Phillips	Middle Manager	No relationship with businesses
H Theron	Middle Manager	No relationship with businesses
J Shorty	Middle Manager	No relationship with businesses
E Van der Westhuizen	Middle Manager	No relationship with businesses
G Present	Middle Manager	No relationship with businesses
T Job	Middle Manager	No relationship with businesses

Name of Related Person	Designation	Description of Related Party Relationship
J Visagie/Maasdorp	Middle Manager	No relationship with businesses
MD Lekanyane	Middle Manager	No relationship with businesses
M Manye	Middle Manager	No relationship with businesses
FJ Strauss	Middle Manager	No relationship with businesses
RM Snyders	Middle Manager	No relationship with businesses
C Swarts	SCM Official	No relationship with businesses
S Botha	SCM Official	No relationship with businesses
G Booysen	SCM Official	No relationship with businesses
G Femele	SCM Official	No relationship with businesses
J Beukes	Manager's Spouse	No relationship with businesses
E Phillips	Manager's Spouse	No relationship with businesses
J Van Der Westhuizen	Manager's Spouse	No relationship with businesses
JM Snyders	Manager's Spouse	No relationship with businesses
LG Cloete	Manager's Spouse	No relationship with businesses
JP Berend	Manager's Spouse	No relationship with businesses
EE Job	Manager's Spouse	No relationship with businesses
Lekanyane	Manager's Spouse	No relationship with businesses
BJ Feris	Manager's Spouse	No relationship with businesses

40.2 Services rendered to Related Parties

The Municipality did not render any services during the year to anyone that can be considered as a related party.

40.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by ZFM District Municipality.

40.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

40.5 Purchases from Related Parties

The Municipality did not purchase goods from anyone during the year that can be considered as a related party.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

40.6 Related Parties of Spouses

The Municipality performed CIPC checks on spouses of senior- and middle managers during the year to identify related party transactions but none were identified..

	2018 R	2017 R
41 CONTINGENT LIABILITIES		
41.1 Court Proceedings:	813 398	332 344
(i) Government Handbook: Claim against the Municipality handled by Becker, Bergh & More regarding a cancellation of a contract. The attorneys suggested that the matter will be defended as the signatory of the contract had no authority. Possible obligation to the Municipality.	-	20 000
(ii) April Jacobs: Claim against the Municipality handled by Becker, Bergh & More regarding an unfair dismissal. Commissioner found no unfair dismissal and application for rescission is pending. Possible obligation to the Municipality.	115 000	32 000
(iii) Sheron de Wee: Claim against the Municipality handled by Becker, Bergh & More to defend a summons. Possible obligation to the Municipality.	-	30 344
(iii) Jolene van Wyk: Claim against the Municipality handled by Lulama Lobi Inc regarding a review of an appointment . Possible obligation to the Municipality.	250 000	250 000
(iv) Orapeleng Eric: Claim against the Municipality handled by Becker, Bergh & More regarding a letter received in which she request payment for an accident in September 2007. Possible obligation to the Municipality.	-	-
(v) Auditor-General: Kimberley: Claim against the Municipality regarding interest on outstanding audit fees. The interest is payable but the Municipality will dispute the payment as the audit fees are 4% of the Municipality's budget which is above the norm. Possible obligation to the Municipality .	150 383	-
(vi) SARS: Claim against the Municipality regarding interest on outstanding PAYE accounts. The interest is payable but the Municipality is in the dispute process with SARS to write off the interest. Possible obligation to the Municipality .	298 015	-

42 CONTINGENT ASSETS

42.1 Court Proceedings:	-	99 323
(i) DV Konstruksie The Municipality is suing DV Konstruksie in respect of a payment made to the contractor for services not delivered by them. There are no prospects for successfully recovering the outstanding debts.	-	55 664
(ii) NASHUA The Municipality is suing NASHUA in respect of monies paid on expired contracts. This will be a magistrate's court matter.	-	43 659

43 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

44 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

45 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2018.

46 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 33).

47 GOING CONCERN ASSESSMENT

Management considered the following matters in relation to the Going Concern position of ZF Mgcawu:

(i) On 28 June 2018 Council adopted the 2018/19 to 2020/21 annual final budget as well as the second adjustments budget for the financial year 2017/18. This three-year Medium Term Revenue and Expenditure Framework (MTREF) fund the elementary operations of the District Municipality to perform its legal mandate and reflected that the budget was not cash-backed for 2018/19 and cash backed for 2019/20 and 2020/21.

(ii) The municipality's draft budget of 2018/21 was subjected to an independent assessment process by Provincial Treasury to assess its cash-backing status and other budgetary key performance indicators on 07 May 2018. The outcome of the cash back assessment was negative for 2018/19 but positive for the two outer years 2019/20 and 2020/21.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented by regular reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted. Cash flow reporting has been refined by building in cash back figures to portray the net cash flow positions on a daily basis.

(iv) The municipality developed a cost containment and budget monitoring yardstick in order to measure operational and capital budget performance on a monthly basis. Cash flow challenges are experienced because cash flow projections are compiled for the payment sequences of the equitable share which is our largest portion of operational revenue source.

(v) The municipality is in a material sense grant dependent and renders mainly mandatory support to local municipalities in the ZF Mgcawu district. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions are instituted.

(vi) An operational efficiency plan has been developed by management to ensure that operations are effected in the most cost-effective manner possible whilst still ensuring that quality is not compromised.

(vii) Business plans have been compiled by management to obtain funds from external parties to increase our revenue resources in order to fund the operations and to render municipal support services to the local municipalities in the district.

(viii) Business plans have been compiled by management to obtain funds from external parties to increase our revenue resources in order to fund the operations and to render municipal support services on a shared services basis to the local municipalities in the district.

(viii) Alternative sourcing of funding and the attainment of projects by ZFM DM is a high priority to address the shortage of funding that is a legacy challenge of the past.

(ix) Innovative strategic management is deployed to better the financial health of ZFM DM in the long term.

(x) All outstanding creditors up to 30 June 2018 were included in ZFM's 2018/19 cash management report.

(xi) Management has also developed a strategy on how to reduce employee related cost during the 2018/19 financial year.

(xii) To address above mentioned challenges a financial position improvement plan had been compiled and recommendations in the plan are implemented.

(xiii) Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of ZFM DM to sustain the financial health of the municipality.

Taking the aforementioned into account, Management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A
ZF MGCAWU DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

THE MUNICIPALITY HAD NO EXTERNAL LOANS FOR THE TWO FINANCIAL YEARS

APPENDIX B
ZF MGCAWU DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2018

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Land:	R	R	R	R	R	R	R	R	R	R	R
Land	17 976 000				17 976 000.00					-	17 976 000
Other Assets:											
Buildings	2 056 000				2 056 000.00	(1 110 240)	(82 240)			(1 192 480)	863 520
Land and Buildings	20 032 000	-	-	-	20 032 000	(1 110 240)	(82 240)	-	-	(1 192 480)	18 839 520
Computer Equipment											
Computer Hardware	1 902 258	51 657	(120 246)		1 833 669.41	(1 089 684)	(236 178)	89 336		(1 236 526)	597 144
Furniture and Office Equipment											
Cabinets And Cupboards	341 410	-	-		341 410.32	(282 017)	(13 581)	-		(295 598)	45 812
Chairs	410 292	-	(7 660)		402 631.71	(333 087)	(16 178)	6 844		(342 422)	60 209
Furniture	12 164	-	-		12 164.30	(7 016)	(2 190)	-		(9 206)	2 958
Office Machines & Other	306 037	-	(1 248)		304 789.13	(245 241)	(14 360)	1 144		(258 457)	46 332
Other Furniture	636 954	24 700	(19 707)		641 946.64	(529 423)	(30 157)	18 048		(541 533)	100 414
Printer, Fax, Copier	311 770	-	-		311 769.87	(272 168)	(13 205)	-		(285 373)	26 397
Tables And Desks	507 329	2 368	-		509 696.98	(415 911)	(24 442)	-		(440 353)	69 344
Machinery and Equipment											
Fire Fighting Equipment	1 800	-	(600)		1 200.00	(1 619)	(1)	540		(1 080)	120
Medical Equipment	12 600	-	-		12 600.00	(11 281)	(20)	-		(11 301)	1 299
Other Equipment	1 391	-	-		1 390.85	(810)	(250)	-		(1 061)	330
Radio Equipment	25 409	-	-		25 409.00	(22 813)	(24)	-		(22 837)	2 572
Security Equipment	139 852	-	-		139 851.55	(99 082)	(17 203)	-		(116 285)	23 566
Transport Assets											
Motor Cars	1 206 730	-	-		1 206 730.00	(54 499)	(115 869)	-		(170 368)	1 036 362
Tractor	233 700	-	-		233 700.00	(208 712)	(24 988)	-		(233 700)	0
Trucks And Bakkies	361 700	-	-		361 700.00	(167 305)	(3 622)	-		(170 927)	190 773
	6 411 395	78 725	(149 461)	-	6 340 660	(3 740 670)	(512 270)	115 911	-	(4 137 029)	2 203 630
Total PPE	26 443 395	78 725	(149 461)	-	26 372 660	(4 850 910)	(594 510)	115 911	-	(5 329 509)	21 043 150
Intangible Assets											
Computer Software	592 830	-	(17 228)		575 602.05	(393 836)	(38 039)	17 408		(414 468)	161 134
Total Intangible Assets	592 830	-	(17 228)	-	575 602	(393 836)	(38 039)	17 408	-	(414 468)	161 134
Total Asset Register	27 036 225	78 725	(166 689)	-	26 948 262	(5 244 746)	(632 550)	133 319	-	(5 743 977)	21 204 285

APPENDIX C
ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2018

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Executive and Council											
<i>Council Administration</i>	104 430	-	(3 633)		100 797.33	(86 858)	(4 900)	3 271		(88 487)	12 311
<i>Council Services</i>	243 383	-	(7 544)		235 838.26	(212 189)	(4 806)	6 937		(210 058)	25 780
<i>Municipal Manager</i>	283 565	-	(27 127)		256 437.32	(208 189)	(30 513)	17 192		(221 511)	34 927
Finance and Administration											
<i>Administration</i>	161 506	-	(6 377)		155 129.09	(143 105)	(1 489)	5 783		(138 810)	16 319
<i>Asset Management Unit</i>	32 781	-	-		32 780.87	(17 967)	(5 752)	-		(23 719)	9 062
<i>Budget & Treasury Office</i>	21 516	-	-		21 516.34	(15 952)	(2 168)	-		(18 120)	3 396
<i>Communication & Liaison</i>	8 360	-	(8 360)		-	(6 412)	(79)	6 491		0	0
<i>Expenditure Unit</i>	231	-	-		231.20	(138)	(42)	-		(180)	51
<i>Financial Services</i>	1 763 090	-	(29 753)		1 733 337.09	(572 738)	(135 647)	27 260		(681 125)	1 052 212
<i>Human Resources</i>	504 939	-	(4 180)		500 758.96	(293 818)	(5 209)	3 824		(295 203)	205 556
<i>Information Technology</i>	1 743 918	34 130	(27 663)		1 750 385.42	(1 224 812)	(117 869)	26 729		(1 315 951)	434 434
<i>Property Services</i>	20 351 552	24 700	(570)		20 375 681.85	(1 357 309)	(114 065)	512		(1 470 862)	18 904 820
<i>Risk Management</i>	3 832	-	-		3 832.47	(3 087)	(102)	-		(3 189)	643
<i>Supply Chain Management</i>	6 809	-	-		6 808.77	(5 771)	(247)	-		(6 018)	790
<i>Vehicles</i>	195 600	-	-		195 600.00	(22 320)	(18 780)	-		(41 100)	154 500
Health											
<i>Environmental Health</i>	247 526	-	(5 939)		241 587.78	(149 215)	(26 092)	5 096		(170 211)	71 376
Internal Audit											
<i>Internal Audit</i>	110 290	9 545	(833)		119 001.86	(91 883)	(4 325)	766		(95 442)	23 559
Other											
<i>Tourism</i>	121 335	-	(9 624)		111 711.45	(104 926)	(1 624)	8 738		(97 812)	13 900
Planning and Development											
<i>Engineering Services</i>	473 541	10 350	-		483 890.75	(379 273)	(56 383)	-		(435 656)	48 235
<i>Housing Accreditation</i>	86 905	-	(17 499)		69 406.35	(66 297)	(3 755)	10 008		(60 044)	9 362
<i>LED</i>	1 444	-	-		1 443.85	(1 210)	(47)	-		(1 258)	186
<i>PIMMS</i>	490 518	-	(12 588)		477 930.66	(214 682)	(95 627)	6 111		(304 198)	173 733
<i>Municipal Support Services</i>	69 436	-	(4 999)		64 436.60	(59 109)	(2 353)	4 599		(56 863)	7 574
Public Safety											
<i>Disaster Management</i>	9 718	-	-		9 717.54	(7 485)	(675)	-		(8 160)	1 557
Total Asset Register	27 036 225	78 725	(166 689)	-	26 948 262	(5 244 746)	(632 550)	133 319	-	(5 743 977)	21 204 285

APPENDIX D

ZF MGCAWU DISTRICT MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

2017 Actual Income	2017 Budgeted Income	2017 Actual Expenditure	2017 Budgeted Expenditure	2017 Surplus/ (Deficit)	Description	2018 Actual Income	2018 Budgeted Income	2018 Actual Expenditure	2018 Budgeted Expenditure	2018 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
-	-	12 393 646	12 395 624	(12 393 646)	Municipal Governance and Administration	-	-	12 452 888	13 194 008	(12 452 888)
53 584 184	58 726 190	33 277 586	29 950 520	20 306 599	Executive and Council	58 036 774	58 049 000	33 065 630	34 923 271	24 971 144
-	-	2 503 390	2 506 894	(2 503 390)	Finance and Administration	-	-	2 423 742	2 898 909	(2 423 742)
					Internal Audit					
621 442	907 325	2 223 131	2 230 507	(1 601 689)	Community and Public Safety	240 654	350 000	2 313 248	2 493 389	(2 072 595)
-	-	5 368 931	5 375 601	(5 368 931)	Public Safety	-	-	5 247 009	5 363 272	(5 247 009)
					Health					
4 696 211	6 125 255	10 231 010	11 078 418	(5 534 799)	Economic and Environmental Services	6 260 045	5 880 960	9 436 302	11 150 723	(3 176 257)
-	-	301 203	302 771	(301 203)	Planning and Development	-	-	401 893	422 393	(401 893)
					Other					
58 901 837	65 758 770	66 298 896	63 840 335	(7 397 059)	Sub-Total	64 537 473	64 279 960	65 340 711	70 445 965	(803 239)
-	150 000	383 255	382 664	(383 255)	Gains and Losses	295 725	-	100 199	17 000	195 525
58 901 837	65 908 770	66 682 151	64 222 999	(7 780 314)	Total	64 833 197	64 279 960	65 440 911	70 462 965	(607 713)

APPENDIX E(1)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2018

Description	2017/18												2016/17
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
REVENUE - STANDARD	R	R	R	R	R	R		R	R	R	R	R	R
Municipal Governance and Administration													
Finance and Administration	60 655 000	(3 308 000)	57 347 000	702 000	58 049 000	-	58 049 000	58 036 774	-	(12 226)	99.98	95.68	53 584 184
Community and Public Safety													
Public Safety	350 000	-	350 000	-	350 000	-	350 000	240 654	-	(109 346)	68.76	68.76	621 442
Economic and Environmental Services													
Planning and Development	4 610 000	-	4 610 000	1 270 960	5 880 960	-	5 880 960	6 260 045	-	379 085	106.45	135.79	4 696 211
Total Revenue - Standard	65 615 000	(3 308 000)	62 307 000	1 972 960	64 279 960	-	64 279 960	64 537 473	-	257 513	0.00	98.36	58 901 837
EXPENDITURE - STANDARD													
Municipal Governance and Administration													
Executive and Council	12 299 421	834 935	13 134 356	29 771	13 164 127	29 881	13 194 008	12 452 888	-	(741 120)	94.38	101.25	12 393 646
Finance and Administration	31 237 947	3 695 679	34 933 626	(563 353)	34 370 273	552 998	34 923 271	33 065 630	-	(1 857 641)	94.68	105.85	33 277 586
Internal Audit	2 980 843	73 279	3 054 122	(131 333)	2 922 789	(23 880)	2 898 909	2 423 742	-	(475 167)	83.61	81.31	2 503 390
Community and Public Safety													
Public Safety	1 740 724	214 719	1 955 443	1 107 946	3 063 389	(570 000)	2 493 389	2 313 248	-	(180 141)	92.78	132.89	2 223 131
Health	5 335 622	319 596	5 655 218	(285 946)	5 369 272	(6 000)	5 363 272	5 247 009	-	(116 263)	97.83	98.34	5 368 931
Economic and Environmental Services													
Planning and Development	10 285 123	110 863	10 395 986	754 736	11 150 722	1	11 150 723	9 436 302	-	(1 714 421)	84.63	91.75	10 231 010
Other													
	410 657	5 496	416 153	6 240	422 393	-	422 393	401 893	-	(20 500)	95.15	97.87	301 203
Total Expenditure - Standard	64 290 337	5 254 567	69 544 904	918 061	70 462 965	(17 000)	70 445 965	65 340 711	-	(5 105 254)	0.00	101.63	66 298 896
Gains and Losses	(200 000)						17 000	(195 525)	-	(212 525)	0.00	0.00	383 255
Surplus/(Deficit) for the year	1 524 663	(8 562 567)	(7 237 904)	1 054 899	(6 183 005)	17 000	(6 183 005)	(607 714)	-	5 362 766	0.00	0.00	(7 780 314)
			(0)										

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2018

Description	2017/18											
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
REVENUE - STANDARD	R	R	R	R	R	R		R	R	R	R	R
Executive & Council	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Budget and treasury office	60 405 000	(3 308 000)	57 097 000	882 000	57 979 000	-	57 979 000	57 980 468	-	1 468	100.00	95.99
Corporate services	250 000	-	250 000	(180 000)	70 000	-	70 000	56 307	-	(13 693)	80.44	22.52
Technical Services	4 960 000	-	4 960 000	1 270 960	6 230 960	-	6 230 960	6 500 698	-	269 738	104.33	131.06
Total Revenue - Standard	65 615 000	(3 308 000)	62 307 000	1 972 960	64 279 960	-	64 279 960	64 537 473	-	515 025	0.00	98.36
EXPENDITURE - STANDARD												
Executive & Council	14 305 471	696 776	15 002 247	58 205	15 060 452	6 000	15 066 452	13 900 705	-	(1 165 747)	92.26	97.17
Budget and treasury office	12 956 208	1 601 898	14 558 106	257 513	14 815 619	1 763 999	16 579 618	15 920 113	-	(659 505)	96.02	122.88
Corporate services	15 918 050	1 987 019	17 905 069	(465 479)	17 439 590	(1 211 001)	16 228 589	15 036 464	-	(1 192 125)	92.65	94.46
Technical Services	21 110 608	968 875	22 079 483	1 067 821	23 147 304	(575 998)	22 571 306	20 483 430	-	(2 087 876)	90.75	97.03
Total Expenditure - Standard	64 290 337	5 254 567	69 544 904	918 061	70 462 965	(17 000)	70 445 965	65 340 711	-	(10 210 507)	0.00	101.63
Gains and Losses	(200 000)						17 000	(195 525)	-	(212 525)	0.00	0.00
Surplus/(Deficit) for the year	1 524 663	(8 762 567)	(7 237 904)	1 054 899	(6 183 005)	-	(6 183 005)	(607 714)	-	5 575 291	0.00	0.00
			0									

APPENDIX E (3)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

Description	2017/18												2016/17
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
Revenue from Non-exchange Transactions	R	R	R	R	R	R		R	R	R	R	R	R
Transfers and Subsidies	61 530 000	(2 200 000)	59 330 000	3 470 960	62 800 960	-	62 800 960	63 406 340	-	605 380	100.96	103.05	57 621 270
Impairment Gains	-	-	-	-	-	-	-	295 545	-	295 545	0.00	0.00	-
Revenue from Exchange Transactions													
Rental from Fixed Assets	10 000	-	10 000	(3 000)	7 000	-	7 000	7 119	-	119	101.71	71.19	7 385
Interest, Dividends and Rent on Land Earned	765 000	(8 000)	757 000	(150 000)	607 000	-	607 000	608 139	-	1 139	100.19	79.50	728 210
Operational Revenue	3 310 000	(1 100 000)	2 210 000	(1 345 000)	865 000	-	865 000	515 874	-	(349 126)	59.64	15.59	544 972
Gains on Disposal of Property, Plant and Equipment	200 000	(200 000)	-	-	-	-	-	180	-	180	0.00	0.09	-
Total Revenue (excluding Capital Transfers & Expenditure)	65 815 000	(3 508 000)	62 307 000	1 972 960	64 279 960	-		64 833 197	-	553 237	0.00	98.51	58 901 837
EXPENDITURE													
Employee Related Costs	43 843 292	3 206 564	47 049 856	991 806	48 041 662	(6 000)	48 035 662	46 818 423	-	(1 217 239)	97.47	106.79	47 288 331
Remuneration of Councillors	3 809 986	-	3 809 986	(87 810)	3 722 176	6 000	3 728 176	3 728 041	-	(135)	100.00	97.85	3 190 132
Depreciation and Amortisation	641 345	(58 520)	582 825	103 373	686 198	-	686 198	632 550	-	(53 648)	92.18	98.63	588 771
Impairment Losses	25 000	-	25 000	-	25 000	81 000	106 000	91 289	-	(14 711)	86.12	365.16	377 744
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-	-	-	0.00	0.00	5 132
Contracted Services	2 853 474	35 399	2 888 873	482 048	3 370 921	500 000	3 870 921	3 770 211	-	(100 710)	97.40	132.13	4 709 566
Inventory Consumed	42 000	-	42 000	292 820	334 820	-	334 820	288 070	-	(46 750)	86.04	685.88	330 388
Transfers and Subsidies Paid	1 578 948	21 343	1 600 291	(1 358 153)	242 138	-	242 138	96 345	-	(145 793)	39.79	6.10	36 389
Operating Leases	879 566	200 000	1 079 566	140 434	1 220 000	-	1 220 000	577 575	-	(642 425)	47.34	65.67	555 537
Operational Costs	10 616 726	1 849 781	12 466 507	353 543	12 820 050	(598 000)	12 222 050	9 429 497	-	(2 792 553)	77.15	88.82	9 577 094
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	17 000	17 000	8 910	-	(8 090)	52.41	0.00	23 066
Total Expenditure	64 290 337	5 254 567	69 544 904	918 061	70 462 965	-		65 440 911	-	(5 022 054)	0.00	101.79	66 682 151
Surplus/(Deficit) for the Year	1 524 663	-	(7 237 904)	-	(6 183 005)	-	-	(607 713)	-	-	-	-	(7 780 314)

APPENDIX E(4)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

Description	2017/18											2016/17
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R				R	R	R
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property Rates	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Transfers and Subsidies	61 530 000	(2 200 000)	59 330 000	3 470 960	62 800 960	-	62 800 960	59 965 498	(2 835 462)	95.49	97.46	57 182 502
Service Charges	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Rental from Fixed Assets	-	-	-	-	-	-	-	7 119	7 119	0.00	0.00	7 385
External Interest and Dividends Received	765 000	(36 790)	728 210	(128 000)	600 210	-	600 210	608 139	7 928	101.32	79.50	728 210
Other Receipts	3 320 000	(1 348 155)	1 971 845	(1 096 845)	875 000	-	875 000	613 342	(261 658)	70.10	18.47	748 587
Payments												
Employee Related Costs	(59 122 091)	(2 527 204)	(61 649 295)	(2 202 472)	(63 851 767)	-	(63 851 767)	(46 488 161)	17 363 606	0.00	0.00	(46 104 865)
Remuneration of Councillors	-	-	-	-	-	-	-	(3 728 041)	(3 728 041)	0.00	0.00	(3 190 132)
External Interest and Dividends Paid	(5 000)	-	(5 000)	5 000	-	-	-	-	-	0.00	0.00	(5 132)
Suppliers Paid	(4 505 421)	4 505 421	-	-	-	-	-	(1 029 772)	(1 029 772)	0.00	0.00	(1 523 017)
Other Payments	-	-	-	-	-	-	-	(9 675 156)	(9 675 156)	0.00	0.00	(9 615 441)
NET CASH FROM / (USED) OPERATING ACTIVITIES	1 982 488	(1 606 728)	375 760	48 643	424 403	-	424 403	272 968	(151 435)	872.48	21.41	(1 771 901)
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of Property, Plant and Equipment	(1 530 000)	790 000	(740 000)	400 000	(340 000)	-	(340 000)	(78 725)	261 275	0.00	0.00	(1 521 685)
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	0.00	0.00	(185 684)
Proceeds on Disposal of Property, Plant and Equipment	200 000	(200 000)	-	-	-	-	-	24 460	24 460	0.00	12.23	22 937
Decrease / (Increase) in Long-term Receivables	-	131 658	131 658	-	131 658	-	131 658	137 627	5 969	104.53	0.00	131 657
NET CASH FROM / (USED) INVESTING ACTIVITIES	(1 330 000)	721 658	(608 342)	400 000	(208 342)	-	(208 342)	83 541	291 883	0.00	0.00	(1 552 774)
CASH FLOWS FROM FINANCING ACTIVITIES												
Repayment of Borrowings	-	-	-	-	-	-	-	-	-	0.00	0.00	(102 157)
NET CASH FROM / (USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-	0.00	0.00	(102 157)
NET INCREASE / (DECREASE) IN CASH HELD	(652 488)		232 582		(216 061)		(216 061)	(356 510)		0.00	0.00	3 426 832
Cash / Cash Equivalents at the Year begin:	3 715 700	(3 426 832)	288 868	-	288 868	-	288 868	288 868	0	100.00	7.77	3 715 700
Cash / Cash Equivalents at the Year end:	4 368 188	(4 311 902)	56 286	448 643	504 929	-	504 929	645 377	140 448	127.82	14.77	288 868

APPENDIX F
ZF MGCAWU DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
Financial Management Grant	National Treasury	1 250 000	-	-	-	(156 038)	(169 566)	(170 458)	(639 436)	-	-	-	-	N/A	Yes	N/A
Rural Roads Asset Management Systems Grant	National Treasury	2 002 000	-	858 000	-	-	(330 942)	(18 322)	(2 510 736)	-	(1 889 761)	-	-	Non-spending	Yes	N/A
EPWP Incentive Grant	National Treasury	250 000	450 000	300 000	-	(526 458)	(168 348)	(114 044)	70 108	-	(310 383)	-	-	Non-spending	Yes	N/A
Disaster Management - Near Project Subsidy	COGHSTA - Provincial	-	-	350 000	-	(24 989)	-	(5 165)	(210 500)	-	-	-	-	N/A	Yes	N/A
Disaster Management - Fire Equipment Grant	COGHSTA - Provincial	-	-	-	-	-	-	-	-	-	-	-	-	N/A	Yes	N/A
DRD RVM Sewer network	Department Rural Development	-	-	-	-	-	-	(289 435)	-	-	-	-	-	N/A	Yes	N/A
Housing Accreditation DPLG National	COGHSTA - Provincial	-	750 000	300 000	-	(33 098)	(27 689)	(20 617)	(1 460 376)	-	-	-	-	N/A	Yes	N/A
Kgotso Pula Nala	COGHSTA - Provincial	-	-	-	-	-	-	(299 725)	(530 362)	-	-	-	-	N/A	Yes	N/A
Total Grants and Subsidies Received		3 502 000	1 200 000	1 808 000	-	(740 583)	(696 545)	(917 767)	(5 281 301)	-	(2 200 144)	-	-			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2018

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Any Other Benefits	Total Remuneration
Mayor	R	R	R	R	R	R	R	R	R	R	R	R
A. Vosloo	596 935	-	-	-	-	198 978	-	-	-	-	-	795 913
Speaker												
M. Moalosi	479 443	-	-	-	-	159 814	-	-	-	-	-	639 258
Executive Committee												
GH MOTHIBI	249 763	-	-	-	-	83 255	44 400	-	-	-	-	377 418
JJ OLYN	249 763	-	-	-	-	83 255	44 400	-	-	-	-	377 418
J LODEWYK	188 908	-	-	-	-	62 969	44 400	-	-	-	-	296 277
A DE BRUIN	188 908	-	-	-	-	62 969	44 400	-	-	-	-	296 277
FL WITBOOI	188 908	-	-	-	-	62 969	44 400	-	-	-	-	296 277
MHB Van Zyl	188 908	-	-	-	-	62 969	44 400	-	-	-	-	296 277
Other Councillors												
M MASHILALA	72 879	-	-	-	-	24 291	-	-	-	-	-	97 170
M BOSMAN	53 617	-	-	-	-	17 872	-	-	-	-	-	71 489
S DUBENI	27 463	-	-	-	9 620	9 000	-	-	-	-	-	46 083
M MABILO	12 023	-	-	-	-	4 008	-	-	-	-	-	16 031
B BOCK	12 023	-	-	-	-	4 008	-	-	-	-	-	16 031
M BASSON	12 023	-	-	-	-	4 008	-	-	-	-	-	16 031
WD KLIM	12 023	-	-	-	-	4 008	-	-	-	-	-	16 031
S ESAU	12 023	-	-	-	1 924	4 008	-	-	-	-	-	17 955
AS ADAMS	10 141	-	-	-	-	3 380	-	-	-	-	-	13 521
B BOSMAN	-	-	-	-	12 796	-	-	-	-	-	-	12 796
J ASSEGAAI	-	-	-	-	15 856	-	-	-	-	-	-	15 856
PSJ ISAACS	-	-	-	-	10 872	-	-	-	-	-	-	10 872
J MEI	-	-	-	-	3 060	-	-	-	-	-	-	3 060
Total for Councillors	2 555 752	-	-	-	54 128	851 761	266 400	-	-	-	-	3 728 041

30 June 2018

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Any Other Benefits	Total Remuneration
Acting Municipal Manager												
R. L. Mjethu	266 206	-	-	-	-	59 945	3 430	-	76 578	134 185	-	540 345
G. Lategan	-	-	-	-	-	-	-	-	-	14 606	-	14 606
A. K. Tieties	-	-	-	-	-	-	-	-	-	116 556	-	116 556
E. Ntoba	-	-	-	231 781	-	-	-	-	-	-	-	231 781
	266 206	-	-	231 781	-	59 945	3 430	-	76 578	265 348	-	903 288
Director: Financial Services												
P. Beukes	531 729	80 726	-	118 570	-	366 361	-	15 600	46 807	-	-	1 159 793
	531 729	80 726	-	118 570	-	366 361	-	15 600	46 807	-	-	1 159 793
Director: Technical Support												
J.G. Lategan	270 443	-	-	-	-	171 280	-	-	-	-	-	441 723
A.K. Tieties	-	-	-	-	-	-	-	-	-	201 687	-	201 687
	270 443	-	-	-	-	171 280	-	-	-	201 687	-	643 409
Director: Corporate Services												
D. Van Zyl	496 728	-	-	124 546	-	433 579	-	15 600	136 218	-	-	1 206 671
	496 728	-	-	124 546	-	433 579	-	15 600	136 218	-	-	1 206 671
Total for Senior Managers	1 565 105	80 726	-	474 896	-	1 031 165	3 430	31 200	259 603	467 034	-	3 913 161
Total for Management	4 120 857	80 726	-	474 896	54 128	1 882 926	269 830	31 200	259 603	467 034	-	7 641 201

30 June 2017

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Any Other Benefits	Total Remuneration
Mayor	R	R	R	R	R	R	R	R	R	R	R	R
A. Vosloo	551 722	-	-	-	-	183 907	-	-	-	-	-	735 630
Speaker												
M. Moalosi	421 111	-	-	-	-	140 370	3 800	-	-	-	-	565 281
P. Wetbooi	45 236	-	-	-	-	15 079	-	-	-	-	-	60 315
Executive Committee												
G.H. Mothibi	233 157	-	-	-	-	77 719	22 800	-	-	-	-	333 676
J. J. J. Olyn	209 721	-	-	-	-	69 907	20 532	-	-	-	-	300 160
B. Sinxeve	23 436	-	-	-	-	7 812	2 268	-	-	-	-	33 516
J. Lodewyk	73 726	-	-	-	-	24 575	9 432	-	-	-	-	107 733
A. De Bruin	179 286	-	-	-	-	59 405	22 800	-	-	-	-	261 491
F. L. Witbooi	160 489	-	-	-	-	53 496	20 532	-	-	-	-	234 518
J. De Klerk	101 084	-	-	-	-	33 695	12 932	-	-	-	-	147 711
M. van Zyl	48 386	-	-	-	-	16 129	6 190	-	-	-	-	70 705
P.M. Kotze	17 726	-	-	-	-	5 909	2 268	-	-	-	-	25 902
C. Tietes	17 726	-	-	-	-	5 909	2 268	-	-	-	-	25 902
Other Councillors												
K. Dodds	18 270	-	-	-	-	6 090	1 849	-	-	-	-	26 208
M. Mashila	33 628	-	-	-	-	11 310	-	-	-	-	-	44 939
M. Mabilo	12 789	-	-	-	-	3 781	-	-	-	-	-	16 570
B. Bock	10 368	-	-	-	-	3 781	-	-	-	-	-	14 149
M. Basson	11 604	-	-	-	-	3 868	-	-	-	-	-	15 472
W. Klim	10 215	-	-	-	-	3 405	-	-	-	-	-	13 620
S. Esau	8 549	-	-	-	-	3 781	-	-	-	-	-	12 330
K. Esau	1 128	-	-	-	-	376	-	-	-	-	-	1 504
P.M. Mgcera	7 522	-	-	-	-	2 447	-	-	-	-	-	9 969
A. Adams	14 736	-	-	-	-	4 328	-	-	-	-	-	19 064
M. Bosman	43 376	-	-	-	-	14 459	-	-	-	-	-	57 834
B. L. Bosman	-	-	-	-	11 544	-	-	-	-	-	-	11 544
J. Assegai	-	-	-	-	14 430	-	-	-	-	-	-	14 430
S. D. Dubeni	-	-	-	-	10 582	-	-	-	-	-	-	10 582
B. J. Snyders	-	-	-	-	1 924	-	-	-	-	-	-	1 924
P. Isaacs	-	-	-	-	1 924	-	-	-	-	-	-	1 924
J. Mei	-	-	-	-	8 658	-	-	-	-	-	-	8 658
M. Oliphant	-	-	-	-	1 099	-	-	-	-	-	-	1 099
A. Isaacs	-	-	-	-	1 924	-	-	-	-	-	-	1 924
S.P. May	-	-	-	-	3 848	-	-	-	-	-	-	3 848
Total for Councillors	2 254 991	-	-	-	55 933	751 537	127 671	-	-	-	-	3 190 132

30 June 2017

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Any Other Benefits	Total Remuneration
Municipal Manager E. Ntoba	1 102 500	-	-	221 131	-	680 427	-	-	18 253	-	-	2 022 311
Director: Financial Services P. Beukes	497 112	80 726	-	108 988	-	349 251	-	15 600	55 655	-	-	1 107 332
Acting Director: Technical Support A. Tieties	-	-	-	-	-	-	-	-	-	54 076	-	54 076
Director: Corporate Services D. Van Zyl	478 602	-	-	116 633	-	403 694	-	15 600	143 640	-	-	1 158 170
H. Mchlauli	-	-	-	-	-	-	-	-	-	48 545	-	48 545
Total for Senior Managers	2 078 215	80 726	-	446 752	-	1 433 372	-	31 200	217 548	102 621	-	4 390 434
Total for Management	4 333 205	80 726	-	446 752	55 933	2 184 910	127 671	31 200	217 548	102 621	-	7 580 565

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2018

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2018	2017		
1. FINANCIAL POSITION									
A. Asset Management / Utilisation									
1.	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%		0.12%	2.50%	Refer to Page 2 of MFMA Circular No 71	District Municipalities have no capital projects as infrastructure is maintain by Local Municipalities.
					Total Operating Expenditure	65 440 911	66 682 151		
					Taxation Expense	-	-		
					Total Capital Expenditure	78 725	1 707 369		
2.	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0.00%	0.00%	Refer to Page 3 of MFMA Circular No 71	No Impairment of PPE during the financial year.
					PPE, Investment Property & Intangible Impairment	-	-		
					PPE at Carrying Value	21 043 150	21 592 485		
					IP at Carrying Value	-	-		
					Intangible Assets at Carrying Value	161 134	198 994		
3.	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%		2.13%	1.44%	Refer to Page 4 of MFMA Circular No 71	The majority of ZFM's PPE value is Land which has no maintenance on it.
					Total Repairs and Maintenance Expenditure	447 453	311 721		
					PPE at Carrying Value	21 043 150	21 592 485		
					Investment Property at Carrying Value	-	-		
B. Debtors Management									
1.	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%		122.43%	208.38%	Refer to Page 5 of MFMA Circular No 71	During 2016/17 ZFM received R701 134 from a insurance claim submitted during 2015/16. During 2017/18 ZFM recovered R221 083 from Local Municipalities.
					Gross Debtors Closing Balance	630 693	747 977		
					Gross Debtors Opening Balance	747 977	1 364 149		
					Bad Debts Written-off	-	17 555		
					Billed Revenue	522 994	552 357		
2.	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		0.00%	2.91%	Refer to Page 5 of MFMA Circular No 71	ZFM is in the process to follow legal actions against long outstanding debtors, therefore debtors are not written off.
					Debtors Bad Debts Written-off	-	17 555		
					Debtors Current Bad Debt Provision	469 912	604 288		

APPENDIX H
ZF MGCWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2018

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2018	2017		
3.	Net Debtors Days	(((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue)) x 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days		112 Days	95 Days	Refer to Page 6 of MFMA Circular No 71	ZFM is in the process to follow legal actions against long outstanding debtors, therefore an increase in debtors days .
					Gross Debtors	630 693	747 977		
					Bad Debts Provision	469 912	604 288		
					Billed Revenue	522 994	552 357		
C. Liquidity Management									
1.	Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	(((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short-term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months		0 Months	-1 Months	Refer to Page 7 of MFMA Circular No 71	ZFM experienced cash flow problems. Refer to Note 47, Management's Going Concern Assessment for more detail.
					Cash and Cash Equivalents	645 377	288 868		
					Unspent Conditional Grants	1 663 286	5 104 128		
					Overdraft	-	-		
					Short-term Investments	-	-		
					Total Annual Operational Expenditure	64 708 162	65 692 570		
2.	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.07	0.05	Refer to Page 7 of MFMA Circular No 71	ZFM experienced cash flow problems. Refer to Note 47, Management's Going Concern Assessment for more detail.
					Current Assets	1 388 558	995 140		
					Current Liabilities	20 475 902	20 313 332		
C. Liability Management									
1.	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%		0.00%	0.16%	Refer to Page 8 of MFMA Circular No 71	ZFM has settled all Long-term liabilities during 2016/17 and do not borrow money for operations.
					Interest Paid	-	5 132		
					Redemption	-	102 157		
					Total Operating Expenditure	65 440 911	66 682 151		
					Taxation Expense	-	-		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2018

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2018	2017		
2.	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		0.00%	0.00%	Refer to Page 9 of MFMA Circular No 71	ZFM has settled all Long-term liabilities during 2016/17 and do not borrow money for operations.
					Total Debt	-	-		
					Total Operating Revenue	64 833 197	58 901 837		
					Operational Conditional Grants	63 406 340	57 621 270		
C. Sustainability									
1.	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		-3.12%	-15.02%	Refer to Page 9 of MFMA Circular No 71	The level of Cash Backed of Unspent Grants has improved but will be further addressed by Management's Going Concern Assessment, refer to Note 47.
					Cash and Cash Equivalents	645 377	288 868		
					Bank Overdraft	-	-		
					Short Term Investment	-	-		
					Long Term Investment	-	-		
					Unspent Grants	1 663 286	5 104 128		
					Net Assets	-	-		
					Share Premium	-	-		
					Share Capital	-	-		
					Revaluation Reserve	-	-		
					Fair Value Adjustment Reserve	-	-		
					Accumulated Surplus	(32 657 535)	(32 049 821)		
2. FINANCIAL PERFORMANCE									
A. Efficiency									
1.	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%		-0.94%	-13.21%	Refer to Page 10 of MFMA Circular No 71	The Net Operating Surplus Margin has improved due to the implementation of cost containment controls but will be further addressed by Management's Going Concern Assessment, refer to Note 47.
					Total Operating Revenue	64 833 197	58 901 837		
					Depreciation - Revalued Portion	-	-		
					Total Operating Expenditure	65 440 911	66 682 151		
					Taxation Expense	-	-		
B. Distribution Losses									
	ZFM has transferred the distribution of water and electricity to Local Municipalities								




APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2018

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2018	2017		
C. Revenue Management									
	ZFM has transferred the distribution of water and electricity to Local Municipalities								
D. Expenditure Management									
1.	Creditors Payment Period (Trade Creditors)	(Trade Creditors Outstanding / Credit Purchases (Operating and Capital)) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days		0 Days	0 Days	Refer to Page 16 of MFMA Circular No 71	The Creditors Payment Period has increased due to cash flow challenges experienced by ZFM but will be further addressed by Management's Going Concern Assessment, refer to Note 47.
					Trade Creditors	#REF!	#REF!		
					Contracted Services	3 770 211	4 709 566		
					Inventory Consumed	288 070	330 388		
					Operational Costs	9 429 497	9 577 094		
					Transfers and Subsidies Paid	96 345	36 389		
					Operating Leases	577 575	555 537		
Capital Credit Purchases	78 725	1 707 369							
2.	Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular, Fruitless & Wasteful and Unauthorised Expenditure) / Total Operating Expenditure) x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		1.06%	5.86%	Refer to Page 16 of MFMA Circular No 71	Refer to Note 35 for detailed explanations.
					Irregular, Fruitless & Wasteful and Unauthorised Expenditure	696 444	3 908 336		
					Total Operating Expenditure	65 440 911	66 682 151		
					Taxation Expense	-	-		
3.	Remuneration as % of Total Operating Expenditure	(Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%		77.24%	75.70%	Refer to Page 17 of MFMA Circular No 71	Remuneration has increased due to an increase in cellphone allowances for Councillors but the high remuneration % will be addressed by Management's Going Concern Assessment, refer to Note 47.
					Employee / Personnel Related Cost	46 818 423	47 288 331		
					Councillors Remuneration	3 728 041	3 190 132		
					Total Operating Expenditure	65 440 911	66 682 151		
					Taxation Expense	-	-		
4.	Contracted Services % of Total Operating Expenditure	(Contracted Services / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%		5.76%	7.06%	Refer to Page 17 of MFMA Circular No 71	Contracted services are affected by grant spending, refer to Note 26 for more detail.
					Contracted Services	3 770 211	4 709 566		
					Total Operating Expenditure	65 440 911	66 682 151		
					Taxation Expense	-	-		

APPENDIX H
ZF MGCWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2018

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2018	2017		
E. Grant Dependency									
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		100.00%	86.28%	Refer to Page 18 of MFMA Circular No 71	Total Capital Expenditures were internally funded, without any borrowings.
					Internally Generated Funds	78 725	1 473 150		
					Borrowings	-	-		
					Total Capital Expenditure	78 725	1 707 369		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		100.00%	86.28%	Refer to Page 18 of MFMA Circular No 71	During 2016/17 some Capital Expenditures were funded by grants.
					Internally Generated Funds	78 725	1 473 150		
					Total Capital Expenditure	78 725	1 707 369		
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	Statement Financial Performance, Budget, IDP, In-year Reports and AR	None		2.20%	2.17%	Refer to Page 18 of MFMA Circular No 71	ZFM has limited own sources of revenue as all the functions were transferred to Local Municipalities.
					Total Revenue	64 833 197	58 901 837		
					Government Grant and Subsidies	63 406 340	57 621 270		
					Public Contributions and Donations	-	-		
					Capital Grants	-	-		
3. BUDGET IMPLEMENTATION									
A. Efficiency									
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%		23.15%	102.47%	Refer to Page 19 of MFMA Circular No 71	Cost containment measures were implemented during 2017/18 without influencing service delivery.
					Actual Capital Expenditure	78 725	1 707 369		
					Budgeted Capital Expenditure	340 000	1 666 200		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2018

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2018	2017		
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		92.87%	103.83%	Refer to Page 20 of MFMA Circular No 71	Cost containment measures were implemented during 2017/18 without influencing service delivery.
					Actual Operating Expenditure	65 440 911	66 682 151		
					Budgeted Operating Expenditure	70 462 965	64 222 999		
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		100.86%	89.37%	Refer to Page 20 of MFMA Circular No 71	Shared Services of R2.9million did not realised during 2016/17 financial year as budgeted for. Budgeted VAT Income of R1 million was received against VAT Receivables.
					Actual Operating Revenue	64 833 197	58 901 837		
					Budgeted Operating Revenue	64 279 960	65 908 770		
Interpretation of Results:									
		The green colour indicates that the result is within the norm and is acceptable.							
		The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.							
		In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced.							

APPENDIX I
ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE

30 June 2018

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Other	Total for Municipality
REVENUE	R	R	R	R	R	R	R	R
Revenue from Non-exchange Transactions								
Transfers and Subsidies	-	56 905 642	-	240 654	-	6 260 045	-	63 406 340
Impairment Gains		295 545						295 545
Revenue from Exchange Transactions								
Rental from Fixed Assets	-	7 119	-	-	-	-	-	7 119
Interest, Dividends and Rent on Land Earned	-	608 139	-	-	-	-	-	608 139
Operational Revenue	-	515 874	-	-	-	-	-	515 874
Gains on Disposal of Property, Plant and Equipment	-	180	-	-	-	-	-	180
Total Revenue	-	58 356 959	-	240 654	-	6 260 045	-	64 833 197
EXPENDITURE								
Employee Related Costs	5 744 424	24 741 905	2 421 086	2 093 468	5 106 464	6 435 403	275 674	46 818 423
Remuneration of Councillors	3 728 041	-	-	-	-	-	-	3 728 041
Depreciation and Amortisation	-	632 550	-	-	-	-	-	632 550
Contracted Services	4 000	1 236 142	-	83 081	-	2 446 988	-	3 770 211
Inventory Consumed	-	109 401	-	96 187	-	82 482	-	288 070
Transfers and Subsidies Paid	96 345	-	-	-	-	(1)	-	96 345
Operating Leases	-	577 575	-	-	-	-	-	577 575
Operational Costs	2 880 078	5 768 057	2 657	40 513	140 545	471 429	126 219	9 429 497
Loss on Disposal of Property, Plant and Equipment	-	8 910	-	-	-	-	-	8 910
Total Expenditure	12 452 888	33 165 829	2 423 742	2 313 248	5 247 009	9 436 302	401 893	65 349 621
								-91 289.36
Surplus/(Deficit) for the Year	(12 452 888)	25 191 130	(2 423 742)	(2 072 595)	(5 247 009)	(3 176 257)	(401 892.80)	(516 424)

APPENDIX I
ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

30 June 2017

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Other	Total for Municipality
	R	R	R	R	R	R	R	R
REVENUE	-	-	-	-	-	-	-	-
Revenue from Non-exchange Transactions	-	-	-	-	-	-	-	-
Transfers and Subsidies	-	52 398 502	-	621 442	-	4 601 326	-	57 621 270
Revenue from Exchange Transactions	-	-	-	-	-	-	-	-
Rental from Fixed Assets	-	96 700	-	-	-	(89 315)	-	7 385
Interest, Dividends and Rent on Land Earned	-	728 210	-	-	-	-	-	728 210
Operational Revenue	-	360 772	-	-	-	184 200	-	544 972
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-
Total Revenue	-	53 584 184	-	621 442	-	4 696 211	-	58 901 837
EXPENDITURE								
Employee Related Costs	6 689 633	24 679 914	2 297 850	1 651 805	5 215 050	6 531 798	222 281	47 288 331
Remuneration of Councillors	3 190 132	-	-	-	-	-	-	3 190 132
Depreciation and Amortisation	40 829	371 327	6 243	2 081	27 730	137 757	2 804	588 771
Impairment Losses	-	377 744	-	-	-	-	-	377 744
Interest, Dividends and Rent on Land	-	5 132	-	-	-	-	-	5 132
Contracted Services	-	1 311 678	139 305	516 852	-	2 741 732	-	4 709 566
Inventory Consumed	12 787	86 508	-	17 091	-	214 002	-	330 388
Operating Leases	-	555 537	-	-	-	-	-	555 537
Operational Costs	2 423 876	6 249 934	59 992	35 301	126 151	605 721	76 118	9 577 094
Loss on Disposal of Property, Plant and Equipment	-	23 066	-	-	-	-	-	23 066
Total Expenditure	12 393 646	33 660 840	2 503 390	2 223 131	5 368 931	10 231 010	301 203	66 682 151
Surplus/(Deficit) for the Year	(12 393 646)	19 923 344	(2 503 390)	(1 601 689)	(5 368 931)	(5 534 799)	(301 203)	(7 780 314)